UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2026

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission file number: 1-6003



FEDERAL SIGNAL CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	**36-1063330**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*

1333 Butterfield Road, Downers Grove, Illinois
(Address of principal executive offices)

60515
(Zip code)

(630) 954-2000
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $1.00 per share	FSS	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☑	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

As of September 30, 2026, the number of shares outstanding of the registrant's common stock was 61,016,459.

FEDERAL SIGNAL CORPORATION

TABLE OF CONTENTS

		Page
PART I.	**FINANCIAL INFORMATION**	
Item 1.	Financial Statements (Unaudited)	2
	Condensed Consolidated Statements of Operations for the Three and Nine Months Ended September 30, 2026 and 2025	2
	Condensed Consolidated Statements of Comprehensive Income for the Three and Nine Months Ended September 30, 2026 and 2025	3
	Condensed Consolidated Balance Sheets as of September 30, 2026 and December 31, 2025	4
	Condensed Consolidated Statements of Cash Flows for the Nine Months Ended September 30, 2026 and 2025	5
	Condensed Consolidated Statements of Stockholders' Equity for the Three and Nine Months Ended September 30, 2026 and 2025	6
	Notes to Condensed Consolidated Financial Statements	8
	Note 1 – Summary of Significant Accounting Policies	8
	Note 2 – Acquisitions	9
	Note 3 – Revenue Recognition	13
	Note 4 – Inventories	14
	Note 5 – Debt	14
	Note 6 – Goodwill and Other Intangible Assets	15
	Note 7 – Income Taxes	16
	Note 8 – Pensions	17
	Note 9 – Commitments and Contingencies	17
	Note 10 – Earnings Per Share	18
	Note 11 – Stockholders' Equity	19
	Note 12 – Segment Information	23
	Note 13 – Fair Value Measurements	26
	Note 14 – Subsequent Events	27
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	28
Item 3.	Quantitative and Qualitative Disclosures About Market Risk	38
Item 4.	Controls and Procedures	38
PART II.	**OTHER INFORMATION**	
Item 1.	Legal Proceedings	39
Item 1A.	Risk Factors	39
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	39
Item 3.	Defaults Upon Senior Securities	39
Item 4.	Mine Safety Disclosures	39
Item 5.	Other Information	39
Item 6.	Exhibits	40
SIGNATURE		41

FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q ("Form 10-Q") is being filed by Federal Signal Corporation and its subsidiaries (referred to collectively as the "Company," "we," "our," or "us" herein, unless the context otherwise indicates) with the United States ("U.S.") Securities and Exchange Commission (the "SEC"), and includes comments made by management that may contain words such as "may," "will," "believe," "expect," "anticipate," "intend," "plan," "project," "estimate," and "objective" or similar terminology, or the negative thereof, concerning the Company's future financial performance, business strategy, plans, goals, and objectives. These expressions are intended to identify forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the Private Securities Litigation Reform Act of 1995. Forward-looking statements include information concerning the Company's possible or assumed future performance or results of operations and are not guarantees. While these statements are based on assumptions and judgments that management has made in light of industry experience as well as perceptions of historical trends, current conditions, expected future developments, and other factors believed to be appropriate under the circumstances, they are subject to risks, uncertainties, and other factors that may cause the Company's actual results, performance, or achievements to be materially different.

These risks and uncertainties, some of which are beyond the Company's control, include the risk factors described under Part I, Item 1A, *Risk Factors*, of the Company's Annual Report on Form 10-K for the year ended December 31, 2025, which was filed with the SEC on February 25, 2026. These factors may not constitute all factors that could cause actual results to differ materially from those discussed in any forward-looking statement. The Company operates in a continually changing business environment and new factors emerge from time to time. The Company cannot predict such factors, nor can it assess the impact, if any, of such factors on its results of operations, financial condition, or cash flow. Accordingly, forward-looking statements should not be relied upon as a predictor of actual results. The Company disclaims any responsibility to update any forward-looking statement provided in this Form 10-Q.

ADDITIONAL INFORMATION

The Company is subject to the reporting and information requirements of the Exchange Act and, as a result, is obligated to file Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and other reports and information with the SEC, as well as amendments to those reports. The Company makes these filings available free of charge through our website at www.federalsignal.com as soon as reasonably practicable after such materials are filed with, or furnished to, the SEC. The Company also uses its website as a means of disclosing material non-public information and to comply with our disclosure requirements under Regulation FD. Information on our website does not constitute part of this Form 10-Q. In addition, the SEC maintains a website at www.sec.gov that contains reports, proxy, and information statements, and other information regarding issuers that file electronically.

PART I. FINANCIAL INFORMATION

Item 1. ***Financial Statements (Unaudited).***

FEDERAL SIGNAL CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions, except per share data)	2026	2025	2026	2025
Net sales	$ 655.5	$ 555.0	$ 1,951.3	$ 1,583.4
Cost of sales	466.3	393.5	1,378.9	1,121.5
Gross profit	189.2	161.5	572.4	461.9
Selling, engineering, general and administrative expenses	69.8	61.4	220.1	188.5
Amortization expense	6.8	4.5	19.9	13.3
Acquisition and integration-related expenses, net	1.2	1.6	3.1	2.7
Operating income	111.4	94.0	329.3	257.4
Interest expense, net	5.3	2.8	18.2	9.3
Other expense, net	1.0	0.7	2.4	2.2
Income before income taxes	105.1	90.5	308.7	245.9
Income tax expense	25.5	22.4	72.6	60.1
Net income	$ 79.6	$ 68.1	$ 236.1	$ 185.8
Earnings per share:				
Basic	$ 1.31	$ 1.12	$ 3.88	$ 3.06
Diluted	1.29	1.11	3.84	3.02
Weighted average common shares outstanding:				
Basic	61.0	60.7	60.9	60.8
Diluted	61.5	61.4	61.5	61.5

See notes to condensed consolidated financial statements.

FEDERAL SIGNAL CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	**2026**	**2025**	**2026**	**2025**
Net income	$ 79.6	$ 68.1	$ 236.1	$ 185.8
Other comprehensive income (loss):				
Change in foreign currency translation adjustment	0.8	(4.0)	(7.9)	13.2
Change in unrecognized net actuarial loss and prior service cost related to pension benefit plans, net of income tax	0.5	0.7	1.6	0.8
Change in unrealized gain or loss on interest rate swaps, net of income tax	—	—	—	0.2
Total other comprehensive income (loss)	1.3	(3.3)	(6.3)	14.2
Comprehensive income	$ 80.9	$ 64.8	$ 229.8	$ 200.0

See notes to condensed consolidated financial statements.

FEDERAL SIGNAL CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(in millions, except per share data)	September 30, 2026 (Unaudited)	December 31, 2025
ASSETS		
Current assets:		
Cash and cash equivalents	$ 73.7	$ 63.7
Accounts receivable, net of allowances for doubtful accounts of $2.7 and $2.8, respectively	300.1	292.2
Inventories	470.4	471.6
Prepaid expenses and other current assets	21.0	26.3
Total current assets	865.2	853.8
Properties and equipment, net of accumulated depreciation of $226.2 and $208.0, respectively	292.6	274.6
Rental equipment, net of accumulated depreciation of $75.4 and $69.2, respectively	213.3	202.7
Operating lease right-of-use assets	30.3	28.4
Goodwill	638.3	619.8
Intangible assets, net of accumulated amortization of $123.6 and $104.2, respectively	386.4	382.9
Deferred tax assets	9.7	10.1
Deferred charges and other long-term assets	18.7	20.3
Total assets	$ 2,454.5	$ 2,392.6
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term borrowings and finance lease obligations	$ 0.4	$ 0.5
Accounts payable	111.3	98.0
Customer deposits	40.9	47.7
Accrued liabilities:		
Compensation and withholding taxes	50.1	52.3
Current operating lease liabilities	8.9	7.9
Contingent consideration	4.5	15.0
Other current liabilities	75.7	61.0
Total current liabilities	291.8	282.4
Long-term borrowings and finance lease obligations	419.9	564.6
Long-term operating lease liabilities	22.9	21.6
Long-term pension and other post-retirement benefit liabilities	41.6	43.1
Deferred tax liabilities	73.3	71.9
Other long-term liabilities	26.2	27.0
Total liabilities	875.7	1,010.6
Stockholders' equity:		
Common stock, $1 par value per share, 90.0 shares authorized, 71.1 and 70.8 shares issued, respectively	71.1	70.8
Capital in excess of par value	345.8	330.4
Retained earnings	1,523.9	1,315.3
Treasury stock, at cost, 10.1 and 9.9 shares, respectively	(284.7)	(263.5)
Accumulated other comprehensive loss	(77.3)	(71.0)
Total stockholders' equity	1,578.8	1,382.0
Total liabilities and stockholders' equity	$ 2,454.5	$ 2,392.6

See notes to condensed consolidated financial statements.

FEDERAL SIGNAL CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

(in millions)	Nine Months Ended September 30, 2026	2025
Operating activities:		
Net income	$ 236.1	$ 185.8
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	73.7	58.9
Stock-based compensation expense	12.0	11.7
Changes in fair value of contingent consideration	0.6	—
Payments for acquisition-related activity	(3.5)	(0.1)
Deferred income taxes	4.3	8.9
Changes in operating assets and liabilities	(17.6)	(107.7)
Net cash provided by operating activities	305.6	157.5
Investing activities:		
Purchases of properties and equipment	(30.0)	(19.9)
Payments for acquisition-related activity, net of cash acquired	(67.2)	(82.1)
Other, net	2.0	0.7
Net cash used for investing activities	(95.2)	(101.3)
Financing activities:		
(Decrease) increase in revolving lines of credit, net	(118.4)	1.1
Payments on long-term borrowings	(25.0)	(3.1)
Purchases of treasury stock	(5.1)	(39.7)
Redemptions of common stock to satisfy withholding taxes related to stock-based compensation	(13.7)	(12.2)
Payments for acquisition-related activity	(11.5)	(4.3)
Cash dividends paid to stockholders	(27.5)	(25.6)
Proceeds from stock-based compensation activity	1.3	1.4
Other, net	(0.3)	(12.0)
Net cash used for financing activities	(200.2)	(94.4)
Effects of foreign exchange rate changes on cash and cash equivalents	(0.2)	1.5
Increase (decrease) in cash and cash equivalents	10.0	(36.7)
Cash and cash equivalents at beginning of year	63.7	91.1
Cash and cash equivalents at end of period	$ 73.7	$ 54.4

See notes to condensed consolidated financial statements.

FEDERAL SIGNAL CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (Unaudited)

	Three Months ended September 30, 2026					
(in millions)	Common Stock	Capital in Excess of Par Value	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Loss	Total
Balance at July 1, 2026	$ 71.1	$ 340.7	$ 1,453.5	$ (279.1)	$ (78.6)	$ 1,507.6
Net income			79.6			79.6
Total other comprehensive income					1.3	1.3
Cash dividends declared ($0.15 per share)			(9.2)			(9.2)
Stock-based payments:						
Stock-based compensation		4.0				4.0
Stock option exercises and other	—	1.1		(0.5)		0.6
Stock repurchase program				(5.1)		(5.1)
Balance at September 30, 2026	$ 71.1	$ 345.8	$ 1,523.9	$ (284.7)	$ (77.3)	$ 1,578.8

	Three Months Ended September 30, 2025					
(in millions)	Common Stock	Capital in Excess of Par Value	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Loss	Total
Balance at July 1, 2025	$ 70.7	$ 319.8	$ 1,203.4	$ (260.2)	$ (71.5)	$ 1,262.2
Net income			68.1			68.1
Total other comprehensive loss					(3.3)	(3.3)
Cash dividends declared ($0.14 per share)			(8.5)			(8.5)
Stock-based payments:						
Stock-based compensation		3.6				3.6
Stock option exercises and other	—	0.9		(1.3)		(0.4)
Balance at September 30, 2025	$ 70.7	$ 324.3	$ 1,263.0	$ (261.5)	$ (74.8)	$ 1,321.7

	Nine Months Ended September 30, 2026					
(in millions)	Common Stock	Capital in Excess of Par Value	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Loss	Total
Balance at January 1, 2026	$ 70.8	$ 330.4	$ 1,315.3	$ (263.5)	$ (71.0)	$ 1,382.0
Net income			236.1			236.1
Total other comprehensive loss					(6.3)	(6.3)
Cash dividends declared ($0.45 per share)			(27.5)			(27.5)
Stock-based payments:						
Stock-based compensation		11.0				11.0
Stock option exercises and other	0.2	4.5		(8.9)		(4.2)
Performance share unit transactions	0.1	(0.1)		(7.1)		(7.1)
Stock repurchase program				(5.2)		(5.2)
Balance at September 30, 2026	$ 71.1	$ 345.8	$ 1,523.9	$ (284.7)	$ (77.3)	$ 1,578.8

(in millions)	Nine Months Ended September 30, 2025					
	Common Stock	Capital in Excess of Par Value	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Loss	Total
Balance at January 1, 2025	$ 70.3	$ 309.8	$ 1,102.8	$ (207.8)	$ (89.0)	$ 1,186.1
Net income			185.8			185.8
Total other comprehensive income					14.2	14.2
Cash dividends declared ($0.42 per share)			(25.6)			(25.6)
Stock-based payments:						
Stock-based compensation		10.8				10.8
Stock option exercises and other	0.2	3.9		(5.6)		(1.5)
Performance share unit transactions	0.2	(0.2)		(8.2)		(8.2)
Stock repurchase program				(39.9)		(39.9)
Balance at September 30, 2025	$ 70.7	$ 324.3	$ 1,263.0	$ (261.5)	$ (74.8)	$ 1,321.7

FEDERAL SIGNAL CORPORATION AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Description of the Business

Federal Signal Corporation was founded in 1901 and was reincorporated as a Delaware corporation in 1969. References herein to the "Company," "we," "our," or "us" refer collectively to Federal Signal Corporation and its subsidiaries.

Products manufactured and services rendered by the Company are divided into two reportable segments: Environmental Solutions Group ("Environmental Solutions") and Safety and Security Systems Group ("Safety and Security Systems"). The individual operating businesses are organized as such because they share certain characteristics, including technology, marketing, distribution, and product application, which create long-term synergies. These segments are discussed in Note 12 – Segment Information.

Basis of Presentation and Consolidation

The accompanying unaudited condensed consolidated financial statements represent the consolidation of Federal Signal Corporation and its subsidiaries included herein and have been prepared by the Company pursuant to the rules and regulations of the United States ("U.S.") Securities and Exchange Commission (the "SEC"). Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. generally accepted accounting principles ("GAAP") have been condensed or omitted pursuant to such rules and regulations, although the Company believes that the disclosures presented herein are adequate to ensure the information presented is not misleading. Except as otherwise noted, these condensed consolidated financial statements have been prepared in accordance with the Company's accounting policies described in the Company's Annual Report on Form 10-K for the year ended December 31, 2025, and should be read in conjunction with those consolidated financial statements and the notes thereto.

These condensed consolidated financial statements include all normal and recurring adjustments that we considered necessary to present a fair statement of our results of operations, financial condition, and cash flow. Intercompany balances and transactions have been eliminated in consolidation.

The results reported in these condensed consolidated financial statements should not be regarded as necessarily indicative of results that may be expected for the entire year, which may differ materially due to, among other things, the risk factors described under Part I, Item 1A, *Risk Factors*, of the Company's Annual Report on Form 10-K for the year ended December 31, 2025, which was filed with the SEC on February 25, 2026. While we label our quarterly information using a calendar convention whereby our first, second, and third quarters are labeled as ending on March 31, June 30, and September 30, respectively, it is our longstanding practice to establish interim quarterly closing dates based on a 13-week period ending on a Saturday, with our fiscal year ending on December 31. The effects of this practice are not material and exist only within a reporting year.

Recent Accounting Standard Adoptions

In July 2025, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2025-05, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Asset*s, which provides a practical expedient for estimating expected credit losses relating to current accounts receivable and current contract assets that arise from transactions accounted for under Accounting Standards Codification ("ASC") 606, *Revenue from Contracts with Customers*. ASU 2025-05 is effective for annual periods beginning after December 15, 2025, including interim periods within those annual reporting periods, with early adoption permitted. The Company adopted ASU 2025-05 on a prospective basis effective January 1, 2026. The adoption of this guidance did not have a material impact on the Company's financial statements.

Recent Accounting Pronouncements

In November 2024, the FASB issued ASU 2024-03, *Income Statement - Reporting Comprehensive Income-Expense Disaggregation Disclosures (Subtopic 220-40)*, which requires entities to disclose, on an annual and interim basis, disaggregated information about certain income statement expense line items. ASU 2024-03 is effective prospectively for annual periods beginning after December 15, 2026, and for interim periods within fiscal years beginning after December 15, 2027, with early adoption and retrospective adoption permitted. The Company is currently evaluating the impact of adopting this guidance on its financial statement disclosures.

In December 2025, the FASB issued ASU 2025-11, *Interim Reporting (Topic 270): Narrow-Scope Improvements*, which clarifies interim disclosure requirements and applicability of Topic 270. ASU 2025-11 is effective prospectively for interim reporting periods in fiscal years beginning after December 15, 2027, with early adoption and retrospective application permitted. The Company is currently evaluating the impact of adopting this guidance on its financial statement disclosures.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect (i) the reported amounts of assets and liabilities, (ii) the disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements, and (iii) the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Significant Accounting Policies

There have been no changes to the Company's significant accounting policies as disclosed in the Company's Annual Report on Form 10-K for the year ended December 31, 2025.

NOTE 2 – ACQUISITIONS

Acquisitions Completed in 2026

Acquisition of Western Technology

On July 1, 2026, the Company completed the acquisition of certain assets and operations of Western Technology, Inc. ("Western Technology") for initial cash consideration of $9.2 million, inclusive of certain preliminary closing adjustments. Western Technology is a manufacturer of proprietary, portable, explosion-protected lighting solutions for mission-critical applications, serving end-customers across industrial processing, petrochemical, and aerospace and defense industries. The Company expects that the Western Technology acquisition will broaden its industrial signaling equipment portfolio.

As the acquisition closed on July 1, 2026, the assets and liabilities of Western Technology have been consolidated into the Company's Condensed Consolidated Balance Sheet as of September 30, 2026, and the post-acquisition results have been included in Condensed Consolidated Statement of Operations, within the Safety and Security Systems Group.

The acquisition is being accounted for in accordance with ASC 805, *Business Combinations*. The assets acquired and liabilities assumed in the Western Technology acquisition have been measured at their estimated fair values as of the acquisition date, with $2.5 million assigned to inventories, $1.9 million assigned to customer relationships, $1.3 million assigned to trade names, and $3.5 million assigned to goodwill. Customer relationships are considered to be definite-lived intangible assets with a preliminary estimated useful life of 10 years. Trade names are considered to be indefinite-lived intangible assets. Goodwill, which is tax-deductible, has been allocated to the Safety and Security Systems Group on the basis that synergies identified will primarily benefit this segment. Due to the timing of the acquisition, these amounts are preliminary and are subject to change within the measurement period as the Company finalizes its fair value estimates.

The acquisition was not, and would not have been, material to the Company's net sales, results of operations, or total assets during any period presented. Accordingly, the Company's consolidated results from operations do not differ materially from historical performance as a result of the acquisition, and therefore, pro-forma results are not presented.

Acquisition of Mega

On January 16, 2026, the Company completed the acquisition of all of the outstanding equity interests of Mega Equipment LLC ("Mega"). Mega is a leading manufacturer of specialty vehicles and equipment for use in global metal extraction and construction markets. The Company expects that the Mega acquisition will strengthen its specialty vehicle market position by expanding its metal extraction support equipment offerings.

The assets and liabilities of Mega have been consolidated into the Company's Condensed Consolidated Balance Sheet as of September 30, 2026, and the post-acquisition results have been included in Condensed Consolidated Statement of Operations, within the Environmental Solutions Group.

The initial cash consideration paid by the Company to acquire Mega was $45.0 million, inclusive of certain preliminary closing adjustments. Any additional closing adjustments are currently expected to be finalized in the fourth quarter of 2026.

The acquisition is being accounted for in accordance with ASC 805. Accordingly, the total purchase price has been allocated on a preliminary basis to assets acquired and liabilities assumed in connection with the acquisition based on their estimated fair values as of the completion of the acquisition. A single estimate of fair value results from a complex series of judgments about future events and uncertainties and relies heavily on estimates and assumptions. The Company's judgments used to determine the estimated fair value assigned to each class of assets acquired and liabilities assumed, as well as asset lives, can materially impact the Company's results of operations. As of September 30, 2026, the Company's purchase price allocation reflects various provisional estimates that were based on the information that was available as of the acquisition date and the filing date of this Form 10-Q. The Company believes that information provides a reasonable basis for estimating the fair values of assets acquired and liabilities assumed; however, the determination of those fair values is not yet finalized. Thus, the preliminary measurements of fair value set forth in the table below are subject to change during the measurement period as valuations are finalized. During the three months ended September 30, 2026, the Company recorded a $2.8 million reduction in the carrying value of goodwill reported as of June 30, 2026, primarily related to changes in the estimated fair values assigned to customer relationships and trade names. These measurement period adjustments did not materially affect the Company's Condensed Consolidated Statement of Operations during the three months ended September 30, 2026. The Company expects to finalize the valuation and complete the purchase price allocation as soon as practicable, but not more than one year from the acquisition date.

The following table summarizes the preliminary fair values of assets acquired and liabilities assumed as of the acquisition date:

(in millions)	
Purchase price, inclusive of preliminary closing adjustments [(a)]	$ 45.0
Total consideration	45.0
Cash	0.1
Accounts receivable	2.7
Inventories	11.8
Prepaid expenses and other current assets	0.3
Properties and equipment	11.8
Customer relationships [(b)]	12.4
Trade names [(c)]	6.3
Accounts payable	(0.9)
Accrued liabilities	(0.9)
Customer deposits	(3.0)
Net assets acquired	40.6
Goodwill [(d)]	$ 4.4

(a) The initial purchase price, which is subject to certain post-closing adjustments, including working capital, was funded through existing cash on hand and borrowings under the Company's credit agreement.

(b) Represents the preliminary fair value assigned to customer relationships, which are considered to be definite-lived intangible assets, with a preliminary estimated useful life of approximately 11 years.

(c) Represents the preliminary fair value assigned to trade names, which are considered to be indefinite-lived intangible assets.

(d) Goodwill, which is tax-deductible, has been allocated to the Environmental Solutions Group on the basis that the synergies identified will primarily benefit this segment.

In the period between the January 16, 2026 closing date and September 30, 2026, Mega generated approximately $38.3 million of net sales and $8.4 million of operating income.

The acquisition was not, and would not have been, material to the Company's net sales, results of operations, or total assets during any period presented. Accordingly, the Company's consolidated results from operations do not differ materially from historical performance as a result of the acquisition, and therefore, unaudited pro-forma results are not presented.

Acquisitions Completed in 2025

Acquisition of New Way

On November 25, 2025, the Company completed the acquisition of all of the outstanding equity interests of Scranton Manufacturing Company LLC d/b/a New Way Trucks ("New Way"). New Way is a leading U.S.-based designer and manufacturer of refuse collection vehicles.

The initial cash consideration paid by the Company to acquire New Way was approximately $413 million, inclusive of certain preliminary closing adjustments, including working capital. During the third quarter of 2026, the Company finalized the purchase price closing adjustments related to the acquisition and paid the former owners of New Way an additional $13.1 million. In addition, there is a contingent earn-out opportunity of up to $54 million, based on the achievement of certain specified financial targets over a two-year period.

As of September 30, 2026, the Company's purchase price allocation reflects various provisional estimates that were based on the information that was available as of the acquisition date and the filing date of this Form 10-Q. The Company believes that information provides a reasonable basis for estimating the fair values of assets acquired and liabilities assumed; however, the determination of those fair values, including the third-party valuation of acquired intangible assets, is not yet finalized. Thus, the preliminary measurements of fair value set forth in the table below are subject to change during the measurement period as valuations are finalized. During the three months ended September 30, 2026, the Company recorded a $0.9 million increase in the carrying value of goodwill reported as of June 30, 2026, primarily related to recording certain measurement period adjustments. These measurement period adjustments did not materially affect the Company's Condensed Consolidated Statement of Operations during the three months ended September 30, 2026. During the nine months ended September 30, 2026, the Company recorded a $11.8 million increase in the carrying value of goodwill reported as of December 31, 2025, primarily due to finalizing the purchase price closing adjustments and recording certain other measurement period adjustments. These measurement period adjustments did not materially affect the Company's Condensed Consolidated Statement of Operations during the nine months ended September 30, 2026. The Company expects to finalize the valuation and complete the purchase price allocation as soon as practicable, but not more than one year from the acquisition date.

The following table summarizes the preliminary fair values of assets acquired and liabilities assumed as of the acquisition date:

(in millions)	
Purchase price, inclusive of closing adjustments [(a)]	$ 426.1
Estimated fair value of additional consideration [(b)]	10.7
Total consideration	436.8
Cash	9.4
Accounts receivable	60.0
Inventories	85.1
Prepaid expenses and other current assets	0.7
Properties and equipment	31.1
Finance lease right-of-use assets [(c)]	7.4
Operating lease right-of-use assets	0.1
Customer relationships [(d)]	113.0
Trade names [(e)]	50.5
Accounts payable	(10.5)
Accrued liabilities	(9.3)
Customer deposits	(15.1)
Operating lease liabilities	(0.1)
Finance lease liabilities [(c)]	(1.8)
Net assets acquired	320.5
Goodwill [(f)]	$ 116.3

(a) The purchase price was funded through existing cash on hand and borrowings under the Company's credit agreement. The purchase price includes the final purchase price closing adjustment of $13.1 million, which the Company settled in the third quarter of 2026.

(b) Represents the preliminary estimate of fair value assigned to the contingent earn-out payment as of the acquisition date, which is included in Other long-term liabilities on the Condensed Consolidated Balance Sheet as of September 30, 2026. See Note 13 – Fair Value Measurements for discussion of the methodology used to determine the fair value of the contingent earn-out payment.

(c) Represents the preliminary fair value assigned to acquired finance lease right-of-use assets and finance lease liabilities.

(d) Represents the preliminary fair value assigned to customer relationships, which are considered to be definite-lived intangible assets, with a preliminary estimated useful life of approximately 15 years.

(e) Represents the preliminary fair value assigned to trade names, which are considered to be indefinite-lived intangible assets.

(f) Goodwill, which is tax-deductible, has been allocated to the Environmental Solutions Group on the basis that the synergies identified will primarily benefit this segment.

Acquisition of Waterblasting LLC

On February 12, 2025, the Company completed the acquisition of substantially all the assets and operations of Waterblasting, LLC, owner of Hog Technologies, and Waterblasting Eurasia, s.r.o. (collectively, "Hog"). Hog is a leading U.S. manufacturer of truck-mounted road-marking, line-removal, and waterblasting equipment, serving infrastructure, municipal, and airport markets.

The cash consideration paid by the Company to acquire Hog was $82.5 million, inclusive of certain closing adjustments. In addition, there was a contingent earn-out payment of up to $15.0 million that was based on the achievement of certain financial targets during 2025. During the first quarter of 2026, the Company paid additional consideration of $15.0 million to settle the contingent consideration liability associated with the acquisition. Of the $15.0 million of additional consideration paid, $3.5 million has been included as a component of Net cash provided by operating activities within the Condensed Consolidated Statement of Cash Flows with the remaining $11.5 million, which represents the fair value of the contingent consideration established in the Company's purchase price allocation, being included as a component of Net cash used for financing activities.

During the first quarter of 2026, the Company finalized the Hog purchase price allocation and recognized certain measurement period adjustments, which did not have a material impact on the carrying value of goodwill previously recognized as of December 31, 2025. The measurement period adjustments did not have a material impact on the Company's Condensed Consolidated Statement of Operations for the nine months ended September 30, 2026.

The following table summarizes the fair value of assets acquired and liabilities assumed as of the acquisition date:

(in millions)	
Purchase price, inclusive of closing adjustments [(a)]	$ 82.5
Estimated fair value of additional consideration [(b)]	11.5
Settlement of pre-existing contractual relationship [(c)]	0.9
Total consideration	94.9
Accounts receivable	6.7
Inventories	9.7
Prepaid expenses and other current assets	1.0
Properties and equipment	18.1
Customer relationships [(d)]	23.7
Trade names [(e)]	12.4
Other intangible assets	3.0
Accounts payable	(3.8)
Accrued liabilities	(1.3)
Customer deposits	(5.4)
Net assets acquired	64.1
Goodwill [(f)]	$ 30.8

(a) The purchase price was funded through existing cash on hand and borrowings under the Company's credit agreement. The purchase price included an amount of $10.0 million, which was paid by the Company at closing and placed into an escrow account. Based on Hog's financial results for the year ended December 31, 2025, the amount placed in escrow was released to the former owner of Hog during the first quarter of 2026. The Company assigned a fair value to this contingent consideration of $10.0 million as of the acquisition date.

(b) Represents the fair value assigned to the contingent earn-out payment as of the acquisition date. See Note 13 – Fair Value Measurements for discussion of the methodology used to determine the fair value of the contingent earn-out payment.

(c) Represents the non-cash settlement of accounts receivable due from Hog to the Company as of the acquisition date. Corresponding amount payable by Hog to the Company is not included in accounts payable assumed in the table above, and the amount was settled at fair value with no impact on the Condensed Consolidated Statement of Operations in 2025.

(d) Represents the fair value assigned to customer relationships, which are considered to be definite-lived intangible assets, with an estimated useful life of approximately 12 years.

(e) Represents the fair value assigned to trade names, which are considered to be indefinite-lived intangible assets.

(f) Goodwill, which is tax-deductible, has been allocated to the Environmental Solutions Group on the basis that the synergies identified will primarily benefit this segment.

NOTE 3 – REVENUE RECOGNITION

The following table presents the Company's Net sales disaggregated by geographic region, based on the location of the end customer, and by major product line:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	2026	2025	2026	2025
Geographic Region:				
U.S.	$ 540.3	$ 441.3	$ 1,596.9	$ 1,251.0
Canada	64.1	71.1	211.5	211.8
Europe/Other	51.1	42.6	142.9	120.6
Total net sales	$ 655.5	$ 555.0	$ 1,951.3	$ 1,583.4
Major Product Line:				
Environmental Solutions				
Vehicles and equipment [(a)]	$ 435.7	$ 355.3	$ 1,311.4	$ 1,031.4
Parts	86.1	70.7	252.6	199.0
Rental income [(b)]	23.0	18.5	63.6	53.9
Other [(c)]	19.0	21.0	46.6	49.1
Total	563.8	465.5	1,674.2	1,333.4
Safety and Security Systems				
Public safety and security equipment	57.0	57.2	182.8	160.7
Industrial signaling equipment	20.9	18.0	58.0	52.1
Warning systems	13.8	14.3	36.3	37.2
Total	91.7	89.5	277.1	250.0
Total net sales	$ 655.5	$ 555.0	$ 1,951.3	$ 1,583.4

(a) Includes net sales from the sale of new and used vehicles and equipment, including sales of rental equipment.

(b) Represents income from vehicle and equipment lease arrangements with customers.

(c) Primarily includes revenues from services, such as maintenance and repair work, and the sale of extended warranty contracts.

Contract Balances

The Company recognizes contract liabilities when cash payments, such as customer deposits, are received in advance of the Company's satisfaction of the related performance obligations. Contract liabilities are recognized as Net sales when the related performance obligations are satisfied, which generally occurs within three to six months of the cash receipt. Contract liability balances are not materially impacted by any other factors. The Company's contract liabilities were $47.7 million as of September 30, 2026 and $53.1 million as of December 31, 2025. Contract assets, such as unbilled receivables, were not material as of any of the periods presented herein.

FEDERAL SIGNAL CORPORATION AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (CONTINUED)

(Unaudited)

NOTE 4 – INVENTORIES

The following table summarizes the components of Inventories:

(in millions)	September 30, 2026	December 31, 2025
Finished goods	$ 207.8	$ 190.2
Raw materials	221.1	237.7
Work in process	41.5	43.7
Total inventories	$ 470.4	$ 471.6

NOTE 5 – DEBT

The following table summarizes the components of Long-term borrowings and finance lease obligations:

(in millions)	September 30, 2026	December 31, 2025
2025 Credit Agreement [(a)]	$ 419.3	$ 564.0
Finance lease obligations	2.2	2.6
Total long-term borrowings and finance lease obligations, including current portion	421.5	566.6
Less: Current finance lease obligations	0.4	0.5
Less: Unamortized debt issuance costs	1.2	1.5
Total long-term borrowings and finance lease obligations, net	$ 419.9	$ 564.6

(a) Defined as the Fourth Amended and Restated Credit Agreement, dated October 29, 2025, as amended.

As more fully described within Note 13 – Fair Value Measurements, the Company uses a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. The fair value of the Company's long-term borrowings and finance lease obligations is based on interest rates that we believe are currently available to us for issuance of debt with similar terms and remaining maturities (Level 2 input). The carrying amounts of the Company's long-term borrowings and finance lease obligations approximate their fair values as of September 30, 2026 and December 31, 2025.

The 2025 Credit Agreement is a senior secured credit facility that provides the Company access to an aggregate principal amount of up to $1.5 billion, consisting of (i) a revolving credit facility in an amount up to $1.1 billion (the "Revolver") and (ii) a delayed draw term loan facility in an amount up to $400 million (the "Term Loan"), which was fully drawn down on November 25, 2025, in connection with the acquisition of New Way. The 2025 Credit Agreement matures on October 29, 2030.

Borrowings under the 2025 Credit Agreement bear interest, at the Company's option, at a base rate or an Adjusted Eurocurrency Rate (as defined in the 2025 Credit Agreement) in the case of borrowings in euros or an adjusted RFR (as defined in the 2025 Credit Agreement) in the case of borrowings in U.S. dollars, Canadian dollars, or British pounds, plus, in each case, an applicable margin. The applicable margin ranges from zero to 0.75% for base rate borrowings and 1.00% to 1.75% for Adjusted Eurocurrency Rate and RFR borrowings. The Company must also pay a commitment fee to the lenders ranging between 0.10% to 0.25% per annum on the unused portion of the Revolver, along with other standard fees. Applicable margin, issuance fees, and other customary expenses are payable on outstanding letters of credit.

The Company is subject to certain net leverage ratio and interest coverage ratio financial covenants under the 2025 Credit Agreement that are to be measured at each fiscal quarter-end for the most recently ended four-quarter period. The Company was in compliance with all such covenants as of September 30, 2026.

The 2025 Credit Agreement amended and restated the Third Amended and Restated Credit Agreement (as amended, the "2022 Credit Agreement"), which provided the Company with an aggregate original principal amount of up to $800 million, consisting of (i) a revolving credit facility in an amount up to $675 million and (ii) a term loan facility in an original amount of up to $125 million.

As of September 30, 2026, there was $44.3 million of cash drawn on the Revolver, $375.0 million outstanding under the Term Loan, and $11.1 million of undrawn letters of credit under the 2025 Credit Agreement, with $1.04 billion of net availability for borrowings. As of December 31, 2025, there was $164.0 million of cash drawn on the Revolver, $400.0 million outstanding

under the Term Loan, and $10.7 million of undrawn letters of credit under the 2025 Credit Agreement, with $925.3 million of net availability for borrowings.

The following table summarizes the gross borrowings and gross payments under the Company's revolving credit facilities:

	Nine Months Ended September 30,	
(in millions)	2026	2025
Gross borrowings	$ 39.2	$ 99.4
Gross payments	157.6	98.3

In the third quarter of 2026, the Company also made $25.0 million of voluntary prepayments on the Term Loan.

Interest Rate Swaps

On October 21, 2022, the Company entered into an interest rate swap (the "2022 Swap") with a notional amount of $75.0 million, as a means of fixing the floating interest rate component on $75.0 million of its variable-rate debt. The 2022 Swap, which was designated as a cash flow hedge, matured on October 31, 2025.

On July 11, 2023, the Company entered into an additional interest rate swap (the "2023 Swap") with a notional amount of $75.0 million, as a means of fixing the floating interest rate component on $75.0 million of its variable-rate debt. The 2023 Swap, which was designated as a cash flow hedge, matured on August 1, 2025.

As a result of the application of hedge accounting treatment, all unrealized gains and losses related to the derivative instruments were recorded in Accumulated other comprehensive loss and were reclassified into the Condensed Consolidated Statements of Operations as a component of Interest expense, net in the same period in which the hedged transaction affects earnings.

There were no outstanding interest rate swaps as of September 30, 2026 or December 31, 2025. During the three and nine months ended September 30, 2025, unrealized pre-tax gains recorded in Accumulated other comprehensive loss were insignificant, and no ineffectiveness was recorded.

Finance Leases

In the first quarter of 2025, the Company exercised the purchase option on one of its leased U.S. manufacturing facilities. As of the purchase date, the related finance lease right-of-use ("ROU") asset, net, was approximately $11.3 million and the finance lease liability was $11.5 million. The cash outflow of approximately $11.5 million related to the facility purchase is reflected as a component of Other, net within the financing activities on the Condensed Consolidated Statement of Cash Flows for the nine months ended September 30, 2025.

The following table summarizes the supplemental noncash investing and financing activities related to this facility purchase:

	Nine Months Ended September 30,
(in millions)	2025
Purchase of properties and equipment through exchange of lease ROU asset	$ 11.3
Derecognition of ROU asset	(11.3)

NOTE 6 – GOODWILL AND OTHER INTANGIBLE ASSETS

The following table summarizes the carrying amount of goodwill, and the changes in the carrying amount of goodwill in the nine months ended September 30, 2026, by segment:

(in millions)	Environmental Solutions	Safety & Security Systems	Total
Balance at January 1, 2026	$ 506.8	$ 113.0	$ 619.8
Acquisitions, including measurement period adjustments	16.6	3.5	20.1
Translation adjustments	(0.5)	(1.1)	(1.6)
Balance at September 30, 2026	$ 522.9	$ 115.4	$ 638.3

FEDERAL SIGNAL CORPORATION AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (CONTINUED)

(Unaudited)

The following table summarizes the gross carrying amount and accumulated amortization of intangible assets for each major class of intangible assets:

	September 30, 2026			December 31, 2025		
(in millions)	Gross Carrying Value	Accumulated Amortization	Net Carrying Value	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
Definite-lived intangible assets:						
Customer relationships [(a)]	$ 316.9	$ (117.3)	$ 199.6	$ 300.9	$ (98.2)	$ 202.7
Other [(a)]	10.0	(6.3)	3.7	10.3	(6.0)	4.3
Total definite-lived intangible assets	326.9	(123.6)	203.3	311.2	(104.2)	207.0
Indefinite-lived intangible assets:						
Trade names	178.8	—	178.8	171.6	—	171.6
Other	4.3	—	4.3	4.3	—	4.3
Total indefinite-lived intangible assets	183.1	—	183.1	175.9	—	175.9
Total intangible assets	$ 510.0	$ (123.6)	$ 386.4	$ 487.1	$ (104.2)	$ 382.9

(a) Average useful life of customer relationships and other definite-lived intangible assets are estimated to be approximately 13 years and 9 years, respectively. The average useful life across all definite-lived intangible assets is estimated to be approximately 13 years.

The table above includes preliminary estimates of the fair value and useful lives of certain definite and indefinite-lived intangible assets related to the New Way acquisition, which was completed during the fourth quarter of 2025, the Mega acquisition, which was completed during the first quarter of 2026, and the Western Technology acquisition, which was completed during the third quarter of 2026. As further described in Note 2 – Acquisitions, the preliminary measurements of fair value included in the table above are subject to change during the measurement period as the applicable third-party valuations are finalized.

Amortization expense was $6.8 million for the three months ended September 30, 2026 and $19.9 million for the nine months ended September 30, 2026. Amortization expense was $4.5 million for the three months ended September 30, 2025 and $13.3 million for the nine months ended September 30, 2025.

The Company currently estimates that aggregate amortization expense will be approximately $6.7 million for the remainder of 2026, $26.0 million in 2027, $25.3 million in 2028, $20.0 million in 2029, $16.9 million in 2030, and $108.4 million thereafter. Actual amounts of amortization may differ from estimated amounts due to additional intangible asset acquisitions, changes in foreign currency rates, measurement period adjustments for the New Way, Mega, and Western Technology acquisitions, impairment of intangible assets, and other events.

NOTE 7 – INCOME TAXES

The Company recognized income tax expense of $25.5 million for the three months ended September 30, 2026, compared to $22.4 million in the three months ended September 30, 2025, with the increase primarily due to the effects of higher pre-tax income levels and a $0.7 million reduction in excess tax benefits associated with stock-based compensation activity, partially offset by the tax effects of favorable changes in foreign-based income items and executive compensation limitations. The Company’s effective tax rate for the three months ended September 30, 2026 was 24.3%, compared to 24.8% in the prior-year quarter.

The Company recognized income tax expense of $72.6 million for the nine months ended September 30, 2026, compared to $60.1 million in the nine months ended September 30, 2025, with the increase primarily due to the effects of higher pre-tax income levels, partially offset by a $1.5 million increase in excess tax benefits associated with stock-based compensation activity and the tax effects of favorable changes in foreign-based income items and executive compensation limitations. The Company’s effective tax rate for the nine months ended September 30, 2026 was 23.5%, compared to 24.4% in the prior-year period.

FEDERAL SIGNAL CORPORATION AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (CONTINUED)

(Unaudited)

NOTE 8 – PENSIONS

The following table summarizes the components of Net periodic pension expense:

	U.S. Benefit Plan				Non-U.S. Benefit Plan			
	Three Months Ended September 30,		Nine Months Ended September 30,		Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	2026	2025	2026	2025	2026	2025	2026	2025
Service cost	$ —	$ —	$ —	$ —	$ 0.2	$ 0.1	$ 0.4	$ 0.2
Interest cost	1.3	1.4	4.0	4.2	0.3	0.4	1.1	1.1
Amortization of actuarial loss	0.7	0.6	1.9	1.8	0.1	0.1	0.4	0.4
Amortization of prior service cost	—	—	—	—	0.1	—	0.1	0.1
Expected return on plan assets	(1.3)	(1.4)	(4.0)	(4.2)	(0.5)	(0.5)	(1.5)	(1.5)
Net periodic pension expense	$ 0.7	$ 0.6	$ 1.9	$ 1.8	$ 0.2	$ 0.1	$ 0.5	$ 0.3

The items that comprise Net periodic pension expense, other than Service cost, are included as a component of Other expense, net on the Condensed Consolidated Statements of Operations.

NOTE 9 – COMMITMENTS AND CONTINGENCIES

Financial Commitments

The Company provides indemnifications and other guarantees in the ordinary course of business, the terms of which range in duration and often are not explicitly defined. Specifically, the Company is occasionally required to provide letters of credit and bid and performance bonds to various customers, principally to act as security for retention levels related to casualty insurance policies and to guarantee the performance of subsidiaries that engage in export and domestic transactions. At September 30, 2026, the Company had outstanding performance and financial standby letters of credit, as well as outstanding bid and performance bonds, aggregating to $34.0 million. If any such letters of credit or bonds are called, the Company would be obligated to reimburse the issuer of the letter of credit or bond. The Company believes the likelihood of any currently outstanding letter of credit or bond being called is remote.

The Company has transactions involving the sale of equipment to certain of its customers that include (i) guarantees to repurchase the equipment for a fixed price at a future date and (ii) guarantees to repurchase the equipment from the third-party lender in the event of default by the customer. As of September 30, 2026, both the single year and maximum potential cash payments the Company could be required to make to repurchase equipment under these agreements amounted to $12.8 million. The Company's risk under these repurchase arrangements would be partially mitigated by the value of the products repurchased as part of the transaction. Historical cash requirements and losses associated with these obligations have not been significant but could increase if customer defaults exceed current expectations.

The Company has certain lease agreements for facilities owned by affiliates that include provisions requiring the Company to guarantee any remaining lease payments in the event of default. As of September 30, 2026, the total amount of future payments guaranteed under these agreements was approximately $3.6 million. The Company believes the likelihood of defaulting on these leases is remote.

Product Warranties

The Company issues product performance warranties to customers with the sale of its products. The specific terms and conditions of these warranties vary depending upon the product sold and country in which the Company does business, with warranty periods generally ranging from one to five years. The Company estimates the costs that may be incurred under its basic limited warranty and records a liability in the amount of such costs at the time the sale of the related product is recognized. Factors that affect the Company's warranty liability include (i) the number of units under warranty, (ii) historical and anticipated rates of warranty claims, and (iii) costs per claim. The Company periodically assesses the adequacy of its recorded warranty liabilities and adjusts the amounts as necessary.

The following table summarizes the changes in the Company's warranty liabilities during the nine months ended September 30, 2026 and 2025:

(in millions)	2026	2025
Balance at January 1	$ 12.0	$ 9.8
Provisions to expense	8.3	6.5
Acquisitions, including measurement period adjustments	0.6	0.3
Payments	(8.9)	(6.3)
Balance at September 30	$ 12.0	$ 10.3

Legal Proceedings

The Company is subject to various claims, including pending and possible legal actions for product liability and other damages, and other matters arising in the ordinary course of the Company's business. On a quarterly basis, the Company reviews uninsured material legal claims against the Company and accrues for the costs of such claims as appropriate in the exercise of management's best judgment and experience. However, due to a lack of factual information available to the Company about a claim, or the procedural stage of a claim, it may not be possible for the Company to reasonably assess either the probability of a favorable or unfavorable outcome of the claim or to reasonably estimate the amount of loss should there be an unfavorable outcome. Therefore, for many claims, the Company cannot reasonably estimate a range of loss.

The Company believes, based on current knowledge and after consultation with counsel, that the outcome of such claims and actions will not have a material adverse effect on the Company's results of operations or financial condition. However, in the event of unexpected future developments, it is possible that the ultimate resolution of such matters, if unfavorable, could have a material adverse effect on the Company's results of operations, financial condition, or cash flow.

As of September 30, 2026, the Company had accrued a liability of $3.0 million related to a legal dispute associated with a business discontinued in 2012. The liability is included in Other current liabilities on the Condensed Consolidated Balance Sheet. During the three and nine months ended September 30, 2026, the Company recognized charges of $2.0 million and $3.0 million, respectively, in Selling, engineering, general and administrative ("SEG&A") expenses on the Condensed Consolidated Statement of Operations related to this matter.

Hearing Loss Litigation

Between 1999 and 2017, the Company was sued for monetary damages by multiple firefighters claiming that exposure to the Company's sirens impaired their hearing and that the sirens were therefore defective. The Company has vigorously defended itself against these claims, obtaining many jury verdicts in its favor and settling some for nominal amounts. In 2018, counsel for the remaining plaintiffs requested that the Company consider settlement, and on November 4, 2019, the parties executed a global settlement agreement pursuant to which the Company would pay $700 to each firefighter who filed a lawsuit and is eligible to be part of the settlement, and $300 to each firefighter who has not yet filed a case and is eligible to be part of the settlement. The settlement agreement requires plaintiffs' attorneys to withdraw from representing firefighters who elect not to participate in the settlement and does not include the payment of any attorney fees by the Company. To be eligible for settlement, among other things, firefighters must provide proof that they have high frequency noise-induced hearing loss. As of September 30, 2026, the Company has recognized an estimated liability for the potential settlement amount. While it is reasonably possible that the ultimate resolution of this matter may result in a loss in excess of the amount accrued, the incremental loss is not expected to be material.

NOTE 10 – EARNINGS PER SHARE

The Company computes earnings per share ("EPS") in accordance with ASC 260, *Earnings per Share*, which requires that non-vested restricted stock containing non-forfeitable dividend rights should be treated as participating securities pursuant to the two-class method. Under the two-class method, net income is reduced by the amount of dividends declared in the period for common stock and participating securities. The remaining undistributed earnings are then allocated to common stock and participating securities as if all of the net income for the period had been distributed. The amounts of distributed and undistributed earnings allocated to participating securities for the three and nine months ended September 30, 2026 and 2025 were insignificant and did not materially impact the calculation of basic or diluted EPS.

Basic EPS is computed by dividing net income available to common stockholders by the weighted average number of shares of common stock and non-vested restricted stock awards outstanding for the period.

Diluted EPS is computed using the weighted average number of shares of common stock and non-vested restricted stock awards outstanding for the year, plus the effect of dilutive potential common shares outstanding during the period. The dilutive effect of common stock equivalents is determined using the more dilutive of the two-class method or alternative methods. The Company uses the treasury stock method to determine the potentially dilutive impact of our employee stock options and restricted stock units, and the contingently issuable method for our performance-based restricted stock unit awards.

For each of the three and nine months ended September 30, 2026, options to purchase 0.1 million shares of the Company's stock had an antidilutive effect on EPS, and accordingly, were excluded from the calculation of diluted EPS. For the three and nine months ended September 30, 2025, options to purchase 0.2 million and 0.1 million shares of the Company's stock, respectively, had an antidilutive effect on EPS, and accordingly, were excluded from the calculation of diluted EPS.

The following table reconciles Net income to basic and diluted EPS:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions, except per share data)	2026	2025	2026	2025
Net income	$ 79.6	$ 68.1	$ 236.1	$ 185.8
Weighted average shares outstanding – Basic	61.0	60.7	60.9	60.8
Dilutive effect of common stock equivalents	0.5	0.7	0.6	0.7
Weighted average shares outstanding – Diluted	61.5	61.4	61.5	61.5
Earnings per share:				
Basic	$ 1.31	$ 1.12	$ 3.88	$ 3.06
Diluted	1.29	1.11	3.84	3.02

NOTE 11 – STOCKHOLDERS' EQUITY

Dividends

On February 27, 2026, the Company's Board of Directors (the "Board") declared a quarterly cash dividend of $0.15 per common share. The dividend totaled $9.2 million and was distributed on March 26, 2026 to stockholders of record at the close of business on March 13, 2026.

On April 21, 2026, the Board declared a quarterly cash dividend of $0.15 per common share. The dividend totaled $9.1 million and was distributed on May 29, 2026 to stockholders of record at the close of business on May 15, 2026.

On July 27, 2026, the Board declared a quarterly cash dividend of $0.15 per common share. The dividend totaled $9.2 million and was distributed on August 27, 2026 to stockholders of record at the close of business on August 14, 2026.

On October 27, 2026, the Board declared a quarterly cash dividend of $0.15 per common share payable on December 1, 2026 to stockholders of record at the close of business on November 13, 2026.

The Company paid dividends to stockholders of $8.5 million during the three months ended September 30, 2025 and $25.6 million during the nine months ended September 30, 2025.

Stock Repurchase Program

In March 2020, the Board authorized a stock repurchase program (the "March 2020 program") of up to $75 million of the Company's common stock.

In April 2025, the Board authorized an additional stock repurchase program (the "April 2025 program") of up to $150 million of the Company's common stock. The April 2025 program supplements the Board's prior authorization under the March 2020 program, which remains in effect.

The stock repurchase programs are intended primarily to facilitate purchases of Company stock as a means to provide cash returns to stockholders, enhance stockholder returns, and manage the Company's capital structure. Under its stock repurchase programs, the Company is authorized to repurchase, from time to time, shares of its outstanding common stock. Stock

repurchases by the Company are subject to market conditions and other factors and may be commenced, suspended, or discontinued at any time.

During the three months ended September 30, 2026, the Company repurchased 45,047 shares for a total of $5.1 million under its stock repurchase programs, including $0.1 million that settled in the fourth quarter of 2026. During the nine months ended September 30, 2026, the Company repurchased 45,547 shares for a total of $5.2 million under its stock repurchase programs, including $0.1 million that settled in the fourth quarter of 2026. At the end of the third quarter of 2026, the Company had remaining authorization under its stock repurchase programs of approximately $152 million.

No shares were repurchased under the Company's stock repurchase programs during the three months ended September 30, 2025. During the nine months ended September 30, 2025, the Company repurchased 531,497 shares for a total of $39.7 million under its stock repurchase programs.

Accumulated Other Comprehensive Loss

The following tables summarize the changes in each component of Accumulated other comprehensive loss, net of tax in the three months ended September 30, 2026 and 2025:

(in millions)	Actuarial Losses	Prior Service Costs	Foreign Currency Translation	Interest Rate Swaps	Total
Balance at July 1, 2026 [(a)]	$ (60.4)	$ (1.7)	$ (16.5)	$ —	$ (78.6)
Other comprehensive (loss) income before reclassifications	(0.2)	—	0.8	—	0.6
Amounts reclassified from accumulated other comprehensive loss	0.6	0.1	—	—	0.7
Net current-period other comprehensive income	0.4	0.1	0.8	—	1.3
Balance at September 30, 2026 [(a)]	$ (60.0)	$ (1.6)	$ (15.7)	$ —	$ (77.3)

(in millions)	Actuarial Losses	Prior Service Costs	Foreign Currency Translation	Interest Rate Swaps	Total
Balance at July 1, 2025 [(a)]	$ (62.3)	$ (1.9)	$ (7.3)	$ —	$ (71.5)
Other comprehensive income (loss) before reclassifications	0.1	0.1	(4.0)	—	(3.8)
Amounts reclassified from accumulated other comprehensive loss	0.5	—	—	—	0.5
Net current-period other comprehensive income (loss)	0.6	0.1	(4.0)	—	(3.3)
Balance at September 30, 2025 [(a)]	$ (61.7)	$ (1.8)	$ (11.3)	$ —	$ (74.8)

(a) Amounts in parentheses indicate losses.

FEDERAL SIGNAL CORPORATION AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (CONTINUED)

(Unaudited)

The following tables summarize the changes in each component of Accumulated other comprehensive loss, net of tax in the nine months ended September 30, 2026 and 2025:

(in millions)	Actuarial Losses	Prior Service Costs	Foreign Currency Translation	Interest Rate Swaps	Total
Balance at January 1, 2026 [a]	$ (61.4)	$ (1.8)	$ (7.8)	$ —	$ (71.0)
Other comprehensive (loss) income before reclassifications	(0.3)	0.1	(7.9)	—	(8.1)
Amounts reclassified from accumulated other comprehensive loss	1.7	0.1	—	—	1.8
Net current-period other comprehensive income (loss)	1.4	0.2	(7.9)	—	(6.3)
Balance at September 30, 2026 [a]	$ (60.0)	$ (1.6)	$ (15.7)	$ —	$ (77.3)

(in millions)	Actuarial Losses	Prior Service Costs	Foreign Currency Translation	Interest Rate Swaps	Total
Balance at January 1, 2025 [a]	$ (62.5)	$ (1.8)	$ (24.5)	$ (0.2)	$ (89.0)
Other comprehensive (loss) income before reclassifications	(0.8)	(0.1)	13.2	0.1	12.4
Amounts reclassified from accumulated other comprehensive loss	1.6	0.1	—	0.1	1.8
Net current-period other comprehensive income (loss)	0.8	—	13.2	0.2	14.2
Balance at September 30, 2025 [a]	$ (61.7)	$ (1.8)	$ (11.3)	$ —	$ (74.8)

(a) Amounts in parentheses indicate losses.

The following table summarizes the amounts reclassified from Accumulated other comprehensive loss, net of tax, in the three months ended September 30, 2026 and 2025 and the affected line item in the Condensed Consolidated Statements of Operations:

Details about Accumulated Other Comprehensive Loss Components	Amount Reclassified from Accumulated Other Comprehensive Loss		Affected Line Item in Condensed Consolidated Statements of Operations
	2026	2025	
(in millions) [a]			
Amortization of actuarial losses of defined benefit pension plans	$ (0.8)	$ (0.7)	Other expense, net
Amortization of prior service costs of defined benefit pension plans	(0.1)	—	Other expense, net
Total before tax	(0.9)	(0.7)	
Income tax benefit	0.2	0.2	Income tax expense
Total reclassifications for the period, net of tax	$ (0.7)	$ (0.5)	

(a) Amounts in parentheses indicate losses.

The following table summarizes the amounts reclassified from Accumulated other comprehensive loss, net of tax, in the nine months ended September 30, 2026 and 2025 and the affected line item in the Condensed Consolidated Statements of Operations:

FEDERAL SIGNAL CORPORATION AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (CONTINUED)

(Unaudited)

Details about Accumulated Other Comprehensive Loss Components (in millions) [a]	Amount Reclassified from Accumulated Other Comprehensive Loss 2026	Amount Reclassified from Accumulated Other Comprehensive Loss 2025	Affected Line Item in Condensed Consolidated Statements of Operations
Amortization of actuarial losses of defined benefit pension plans	$ (2.3)	$ (2.2)	Other expense, net
Amortization of prior service costs of defined benefit pension plans	(0.1)	(0.1)	Other expense, net
Interest rate swaps	—	(0.1)	Interest expense, net
Total before tax	(2.4)	(2.4)	
Income tax benefit	0.6	0.6	Interest expense, net
Total reclassifications for the period, net of tax	$ (1.8)	$ (1.8)	

(a) Amounts in parentheses indicate losses.

FEDERAL SIGNAL CORPORATION AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (CONTINUED)

(Unaudited)

NOTE 12 — SEGMENT INFORMATION

The Company has two reportable segments. Business units are organized under each reportable segment because they share certain characteristics, such as technology, marketing, distribution, and product application, which are expected to create long-term synergies.

The following tables summarize the Company's financial performance by reportable segment and include reconciliations of segment operating income to consolidated Income before income taxes for the three months ended September 30, 2026 and 2025:

	Three Months ended September 30, 2026		
(in millions of dollars)	Environmental Solutions	Safety and Security Systems	Total
Net sales [a]	$ 563.8	$ 91.7	$ 655.5
Less: Cost of sales	414.9	51.4	466.3
Gross profit	148.9	40.3	189.2
Less:			
Selling, engineering, general, and administrative expenses	40.1	17.5	57.6
Other segment items [b]	7.4	—	7.4
Segment operating income	101.4	22.8	124.2
Reconciliation to income before income taxes:			
All other (income) loss [c]			12.8
Interest expense, net			5.3
Other expense, net			1.0
Income before income taxes			$ 105.1

(a) Represents net sales from external customers. Intersegment net sales are insignificant. Total of segment net sales agrees to Net sales on the Condensed Consolidated Statement of Operations.

(b) Other segment items includes amortization expense and acquisition and integration-related expenses, net.

(c) Represents general corporate expenses.

	Three Months Ended September 30, 2025		
(in millions of dollars)	Environmental Solutions	Safety and Security Systems	Total
Net sales [a]	$ 465.5	$ 89.5	$ 555.0
Less: Cost of sales	343.0	50.5	393.5
Gross profit	122.5	39.0	161.5
Less:			
Selling, engineering, general, and administrative expenses	32.5	17.1	49.6
Other segment items [b]	4.7	—	4.7
Segment operating income	85.3	21.9	107.2
Reconciliation to income before income taxes:			
All other (income) loss [c]			13.2
Interest expense, net			2.8
Other expense, net			0.7
Income before income taxes			$ 90.5

(a) Represents net sales from external customers. Intersegment net sales are insignificant. Total of segment net sales agrees to Net sales on the Condensed Consolidated Statement of Operations.

(b) Other segment items includes amortization expense and acquisition and integration-related expenses, net.

(c) Represents general corporate expenses.

FEDERAL SIGNAL CORPORATION AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (CONTINUED)

(Unaudited)

The following tables summarize the Company's financial performance by reportable segment and include reconciliations of segment operating income to consolidated income before income taxes for the nine months ended September 30, 2026 and 2025:

	Nine Months Ended September 30, 2026		
(in millions of dollars)	**Environmental Solutions**	**Safety and Security Systems**	**Total**
Net sales [(a)]	$ 1,674.2	$ 277.1	$ 1,951.3
Less: Cost of sales	1,222.5	156.4	1,378.9
Gross profit	451.7	120.7	572.4
Less:			
Selling, engineering, general, and administrative expenses	126.6	52.2	178.8
Other segment items [(b)]	20.7	—	20.7
Segment operating income	304.4	68.5	372.9
Reconciliation to income before income taxes:			
All other (income) loss [(c)]			43.6
Interest expense, net			18.2
Other expense, net			2.4
Income before income taxes			$ 308.7

(a) Represents net sales from external customers. Intersegment net sales are not significant. Total of segment net sales agrees to Net sales on the Condensed Consolidated Statement of Operations.

(b) Other segment items includes amortization expense and acquisition and integration-related expenses, net.

(c) Represents general corporate expenses.

	Nine Months Ended September 30, 2025		
(in millions of dollars)	**Environmental Solutions**	**Safety and Security Systems**	**Total**
Net sales [(a)]	$ 1,333.4	$ 250.0	$ 1,583.4
Less: Cost of sales	979.9	141.6	1,121.5
Gross profit	353.5	108.4	461.9
Less:			
Selling, engineering, general, and administrative expenses	102.9	49.2	152.1
Other segment items [(b)]	13.7	—	13.7
Segment operating income	236.9	59.2	296.1
Reconciliation to income before income taxes:			
All other (income) loss [(c)]			38.7
Interest expense, net			9.3
Other expense, net			2.2
Income before income taxes			$ 245.9

(a) Represents net sales from external customers. Intersegment net sales are not significant. Total of segment net sales agrees to Net sales on the Condensed Consolidated Statement of Operations.

(b) Other segment items includes amortization expense and acquisition and integration-related expenses, net.

(c) Represents general corporate expenses.

FEDERAL SIGNAL CORPORATION AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (CONTINUED)

(Unaudited)

The following table summarizes the Company's total depreciation and amortization by reportable segment and includes a reconciliation of total segment depreciation and amortization to total depreciation and amortization for the three and nine months ended September 30, 2026 and 2025:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions of dollars)	2026	2025	2026	2025
Depreciation and amortization:				
Environmental Solutions [(a)]	$ 24.0	$ 19.1	$ 69.9	$ 55.4
Safety and Security Systems [(a)]	1.1	1.0	3.3	3.1
Total segment depreciation and amortization	25.1	20.1	73.2	58.5
Corporate	0.2	0.2	0.5	0.4
Total depreciation and amortization	$ 25.3	$ 20.3	$ 73.7	$ 58.9

(a) The amounts of depreciation and amortization disclosed by reportable segment are included within cost of sales; selling, engineering, general, and administrative expenses; and other segment items in the tables above.

The following table summarizes the Company's total assets by reportable segment and includes a reconciliation of total segment assets to total assets as of September 30, 2026 and December 31, 2025:

(in millions of dollars)	September 30, 2026	December 31, 2025
Total assets:		
Environmental Solutions	$ 2,083.6	$ 2,040.7
Safety and Security Systems	312.9	303.5
Total segment assets	2,396.5	2,344.2
Corporate and eliminations	58.0	48.4
Total assets	$ 2,454.5	$ 2,392.6

The following table summarizes the Company's total capital expenditures by reportable segment and includes a reconciliation of total segment capital expenditures to total capital expenditures for the three and nine months ended September 30, 2026 and 2025:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions of dollars)	2026	2025	2026	2025
Capital expenditures				
Environmental Solutions	$ 9.7	$ 5.7	$ 24.6	$ 15.0
Safety and Security Systems	1.4	1.2	4.6	3.6
Total segment capital expenditures	11.1	6.9	29.2	18.6
Corporate	0.3	0.1	0.8	1.3
Total capital expenditures	$ 11.4	$ 7.0	$ 30.0	$ 19.9

NOTE 13 – FAIR VALUE MEASUREMENTS

The Company uses a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. This hierarchy maximizes the use of observable inputs and minimizes the use of unobservable inputs. Observable inputs are developed based on market data obtained from independent sources, while unobservable inputs reflect the Company's assumptions about valuation based on the best information available in the circumstances. The three levels of inputs are classified as follows:

- Level 1 — quoted prices in active markets for identical assets or liabilities;
- Level 2 — observable inputs, other than quoted prices included in Level 1, such as quoted prices for markets that are not active, or other inputs that are observable or can be corroborated by observable market data; and
- Level 3 — unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities, including certain pricing models, discounted cash flow methodologies, and similar techniques that use significant unobservable inputs.

In determining fair value, the Company uses various valuation approaches within the fair value measurement framework. The valuation methodologies used for the Company's assets and liabilities measured at fair value and their classification in the valuation hierarchy are summarized below.

Cash Equivalents

Cash equivalents primarily consist of time-based deposits and interest-bearing instruments with maturities of three months or less. The Company classified cash equivalents as Level 1 due to the short-term nature of these instruments and measured the fair value based on quoted prices in active markets for identical assets.

Interest Rate Swaps

As described in Note 5 – Debt, the Company has, from time to time, executed interest rate swaps as a means of fixing the floating interest rate component on a portion of its floating-rate debt. The Company classifies its interest rate swaps as Level 2 due to the use of a discounted cash flow model based on the terms of the contract and the interest rate curve (Level 2 inputs) to calculate the fair value of the swaps. The Company had no interest rate swaps outstanding as of September 30, 2026.

Contingent Consideration

As of September 30, 2026, the Company had contingent obligations to transfer up to $4.8 million and $54.0 million to the former owners of Standard Equipment Company ("Standard") and New Way, respectively, if specified financial results are met over future reporting periods (i.e., an earn-out). The Standard and New Way acquisitions were completed on October 4, 2024 and November 25, 2025, respectively. The Standard contingent earn-out payment, if earned, would be due to be paid following the end of the performance period, which concludes on January 1, 2027. The New Way contingent earn-out payment, if earned, would be due to be paid following the end of the performance period, which concludes on December 31, 2027.

The Company also previously had contingent obligations to transfer up to $3.9 million to the former owners of Blasters, Inc. and Blasters Technologies, LLC (collectively, "Blasters") and up to $15.0 million to the former owner of Hog. The applicable performance period for the Blasters earn-out ended on January 3, 2026. During the second quarter of 2026, the Company determined that no additional consideration was payable to the former owners of Blasters. The applicable performance period for the Hog earn-out ended on December 31, 2025. During the first quarter of 2026, the Company determined that, based on the achievement of certain financial results, the full amount of the contingent consideration had been earned, and paid an additional $15.0 million to the former owner of Hog. See Note 2 - Acquisitions for additional information.

Liabilities for contingent consideration are measured at fair value each reporting period, with the acquisition-date fair value included as part of the consideration transferred. Subsequent changes in fair value are included as a component of Acquisition and integration-related expenses, net on the Condensed Consolidated Statements of Operations.

The Company uses an income approach to value the contingent consideration liability based on the present value of risk-adjusted future cash flows under either a scenario-based or option-pricing method, as appropriate. Due to the lack of relevant observable market data over fair value inputs, such as prospective financial information or probabilities of future events as of September 30, 2026, the Company has classified the contingent consideration liability within Level 3 of the fair value hierarchy outlined in ASC 820, *Fair Value Measurements*.

The following table summarizes the Company's assets and liabilities that are measured at fair value on a recurring basis as of September 30, 2026:

	Fair Value Measurement at Reporting Date Using			
(in millions)	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets:				
Cash equivalents	$ 32.7	$ —	$ —	$ 32.7
Liabilities:				
Contingent consideration	—	—	15.2	15.2

The following table provides a roll-forward of the fair value of recurring Level 3 fair value measurements in the three months ended September 30, 2026 and 2025:

(in millions)	**2026**	**2025**
Contingent consideration liability, at July 1	$ 15.0	$ 8.1
Acquisitions, including measurement period adjustments	—	4.0
Total expense included in earnings [(a)]	0.2	—
Contingent consideration liability, at September 30	$ 15.2	$ 12.1

(a) Changes in the fair value of contingent consideration liabilities are included as a component of Acquisition and integration-related expenses, net on the Condensed Consolidated Statements of Operations.

The following table provides a roll-forward of the fair value of recurring Level 3 fair value measurements in the nine months ended September 30, 2026 and 2025:

(in millions)	**2026**	**2025**
Contingent consideration liability, at January 1	$ 29.6	$ 4.8
Acquisitions, including measurement period adjustments	—	11.5
Settlements of contingent consideration liabilities	(15.0)	(4.4)
Foreign currency translation	—	0.2
Total expense included in earnings [(a)]	0.6	—
Contingent consideration liability, at September 30	$ 15.2	$ 12.1

(a) Changes in the fair value of contingent consideration liabilities are included as a component of Acquisition and integration-related expenses, net on the Condensed Consolidated Statements of Operations.

NOTE 14 – SUBSEQUENT EVENTS

Acquisition of Global Vacuum Systems

On October 28, 2026, the Company completed the acquisition of substantially all the assets and operations of Global Vacuum Systems, LLC ("GVS"), a manufacturer of custom liquid vacuum trucks, for an initial purchase price of approximately $29 million. The initial purchase price, which includes the acquisition of GVS's manufacturing facility in Texas and is subject to certain post-closing adjustments, was funded through existing cash on hand and borrowings under the Company's credit agreement.

The preliminary purchase price allocation has not been completed as of the date of this Form 10-Q due to the proximity of the date of acquisition to the date of issuance of the condensed consolidated financial statements. The post-acquisition operating results of GVS are expected to be included within the Environmental Solutions Group.

Item 2. ***Management's Discussion and Analysis of Financial Condition and Results of Operations.***

Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is designed to provide information that is supplemental to, and should be read together with, the condensed consolidated financial statements and the accompanying notes contained in this Form 10-Q, as well as the Company's Annual Report on Form 10-K for the year ended December 31, 2025. Information in MD&A is intended to provide an analysis of our financial condition and results of operations from management's perspective and assist the reader in obtaining an understanding of (i) the condensed consolidated financial statements, (ii) the Company's business segments and how the results of those segments impact the Company's results of operations and financial condition as a whole, and (iii) how certain accounting principles affect the Company's condensed consolidated financial statements, and to provide discussion of material events and uncertainties known to management that are reasonably likely to cause reported financial information not to be indicative of future operating results or future financial condition. The Company's results for interim periods should not be regarded as necessarily indicative of results that may be expected for the entire year, which may differ materially due to, among other things, the risk factors described under Part I, Item 1A, *Risk Factors*, of the Company's Annual Report on Form 10-K for the year ended December 31, 2025, which was filed with the SEC on February 25, 2026.

Executive Summary

The Company is a leading global manufacturer and supplier of (i) vehicles and equipment for maintenance and infrastructure end-markets, including vacuum trucks (i.e., sewer cleaners, vacuum- and hydro-excavation ("safe-digging") trucks, and industrial vacuum loaders), dump truck bodies and trailers, and other specialty equipment (i.e., street sweepers, waterblasting equipment, refuse collection vehicles, road-marking and line-removal equipment, metal extraction support equipment, and multi-purpose maintenance vehicles), and (ii) public safety equipment, such as vehicle lightbars and sirens, industrial signaling equipment, public warning systems, and general alarm/public address systems. Product offerings also include certain products manufactured by other companies. In addition to vehicle and equipment sales, the Company engages in the sale of parts, service and repair, equipment rentals, and training as part of a comprehensive aftermarket offering to its customers. The Company operates 22 principal manufacturing facilities in the U.S., three in Canada, two in Europe, and one in South Africa and provides products and integrated solutions to municipal, governmental, industrial, and commercial customers in all regions of the world.

As described in Note 12 – Segment Information to the accompanying condensed consolidated financial statements, the Company's business units are organized in two reportable segments: the Environmental Solutions Group and the Safety and Security Systems Group.

Operating Results

Net sales for the three months ended September 30, 2026 increased by $100.5 million, or 18%, compared to the prior-year quarter, primarily due to the effects of acquisitions, and pricing actions. Our Environmental Solutions Group reported a net sales increase of $98.3 million, or 21%, primarily due to increases in sales of other specialty equipment of $65.2 million, aftermarket offerings of $26.3 million, and dump truck bodies and trailers of $7.8 million. Within our Safety and Security Systems Group, net sales increased by $2.2 million, or 2%, primarily due to increases in sales of industrial signaling equipment of $2.8 million, partially offset by a $0.6 million reduction in sales of warning systems.

Net sales for the nine months ended September 30, 2026 increased by $367.9 million, or 23%, compared to the prior-year period, primarily due to higher sales volumes, inclusive of the effects of acquisitions, and pricing actions. Our Environmental Solutions Group reported a net sales increase of $340.8 million, or 26%, primarily due to increases in sales of other specialty equipment of $219.1 million, aftermarket offerings of $71.9 million, dump truck bodies and trailers of $26.9 million, and vacuum trucks of $20.8 million. Within our Safety and Security Systems Group, net sales increased by $27.1 million, or 11%, primarily due to increases in sales of public safety equipment of $20.5 million and industrial signaling equipment of $5.1 million, as well as a $2.4 million favorable foreign currency translation impact, partially offset by a $0.9 million reduction in sales of warning systems.

Operating income for the three months ended September 30, 2026 increased by $17.4 million, or 19%, compared to the prior-year quarter, primarily driven by a $27.7 million improvement in gross profit and a $0.4 million reduction in acquisition and integration-related expenses, net, partially offset by an $8.4 million increase in SEG&A expenses and a $2.3 million increase in amortization expense. Consolidated operating margin for the three months ended September 30, 2026 was 17.0%, compared to 16.9% in the prior-year quarter.

Operating income for the nine months ended September 30, 2026 increased by $71.9 million, or 28%, compared to the prior-year period, primarily driven by a $110.5 million improvement in gross profit, partially offset by a $31.6 million increase in SEG&A expenses, a $6.6 million increase in amortization expense, and a $0.4 million increase in acquisition and integration-related expenses, net. Consolidated operating margin for the nine months ended September 30, 2026 was 16.9%, compared to 16.3% in the prior-year period.

Income before income taxes for the three months ended September 30, 2026 increased by $14.6 million, or 16%, compared to the prior-year quarter. The increase resulted from the higher operating income, partially offset by a $2.5 million increase in interest expense, net, and a $0.3 million increase in other expense, net.

Income before income taxes for the nine months ended September 30, 2026 increased by $62.8 million, or 26%, compared to the prior-year period. The increase resulted from the higher operating income, partially offset by an $8.9 million increase in interest expense, net, and a $0.2 million increase in other expense, net.

Net income for the three months ended September 30, 2026 increased by $11.5 million compared to the prior-year quarter, largely due to the aforementioned increase in income before taxes, partially offset by a $3.1 million increase in income tax expense.

Net income for the nine months ended September 30, 2026 increased by $50.3 million compared to the prior-year period, largely due to the aforementioned increase in income before taxes, partially offset by a $12.5 million increase in income tax expense.

Total orders for the three months ended September 30, 2026 were $620 million, an increase of $153 million, or 33%, compared to the prior-year quarter. Our Environmental Solutions Group reported total orders of $530 million in the three months ended September 30, 2026, an increase of $159 million, or 43%, in comparison to the prior-year quarter. Orders in the three months ended September 30, 2026 within our Safety and Security Systems Group were $90 million, a reduction of $5 million, or 6%, compared to the prior-year quarter.

Total orders for the nine months ended September 30, 2026 were $1.88 billion, an increase of $305 million, or 19%, compared to the prior-year period. Our Environmental Solutions Group reported total orders of $1.61 billion in the nine months ended September 30, 2026, an increase of $320 million, or 25%, in comparison to the prior-year period. Orders in the nine months ended September 30, 2026 within our Safety and Security Systems Group were $268 million, a reduction of $14 million, or 5%, compared to the prior-year period.

Our consolidated backlog at September 30, 2026 was $967 million, compared to $992 million at September 30, 2025.

Results of Operations

The following table summarizes our Condensed Consolidated Statements of Operations and illustrates key financial indicators used to assess our consolidated financial results:

	Three Months Ended September 30,			Nine Months Ended September 30,		
($ in millions, except per share data)	**2026**	**2025**	**Change**	**2026**	**2025**	**Change**
Net sales	$ 655.5	$ 555.0	$ 100.5	$1,951.3	$1,583.4	$ 367.9
Cost of sales	466.3	393.5	72.8	1,378.9	1,121.5	257.4
Gross profit	189.2	161.5	27.7	572.4	461.9	110.5
Selling, engineering, general and administrative expenses	69.8	61.4	8.4	220.1	188.5	31.6
Amortization expense	6.8	4.5	2.3	19.9	13.3	6.6
Acquisition and integration-related expenses, net	1.2	1.6	(0.4)	3.1	2.7	0.4
Operating income	111.4	94.0	17.4	329.3	257.4	71.9
Interest expense, net	5.3	2.8	2.5	18.2	9.3	8.9
Other expense, net	1.0	0.7	0.3	2.4	2.2	0.2
Income before income taxes	105.1	90.5	14.6	308.7	245.9	62.8
Income tax expense	25.5	22.4	3.1	72.6	60.1	12.5
Net income	$ 79.6	$ 68.1	$ 11.5	$ 236.1	$ 185.8	$ 50.3
Operating data:						
Operating margin	17.0 %	16.9 %	0.1 %	16.9 %	16.3 %	0.6 %
Diluted earnings per share	$ 1.29	$ 1.11	$ 0.18	$ 3.84	$ 3.02	$ 0.82
Total orders	620.1	466.9	153.2	1,879.6	1,574.5	305.1
Backlog	966.6	992.0	(25.4)	966.6	992.0	(25.4)
Depreciation and amortization	25.3	20.3	5.0	73.7	58.9	14.8

Net sales

Net sales for the three months ended September 30, 2026 increased by $100.5 million, or 18%, compared to the prior-year quarter, primarily due to the effects of acquisitions, and pricing actions. The Environmental Solutions Group reported a net sales increase of $98.3 million, or 21%, primarily due to increases in sales of other specialty equipment of $65.2 million, aftermarket offerings of $26.3 million, and dump truck bodies and trailers of $7.8 million. Within the Safety and Security Systems Group, net sales increased by $2.2 million, or 2%, primarily due to increases in sales of industrial signaling equipment of $2.8 million, partially offset by a $0.6 million reduction in sales of warning systems.

Net sales for the nine months ended September 30, 2026 increased by $367.9 million, or 23%, compared to the prior-year period, primarily due to higher sales volumes, inclusive of the effects of acquisitions, and pricing actions. The Environmental Solutions Group reported a net sales increase of $340.8 million, or 26%, primarily due to increases in sales of other specialty equipment of $219.1 million, aftermarket offerings of $71.9 million, dump truck bodies and trailers of $26.9 million, and vacuum trucks of $20.8 million. Within the Safety and Security Systems Group, net sales increased by $27.1 million, or 11%, primarily due to increases in sales of public safety equipment of $20.5 million and industrial signaling equipment of $5.1 million, as well as a $2.4 million favorable foreign currency translation impact, partially offset by a $0.9 million reduction in sales of warning systems.

Cost of sales

Cost of sales increased by $72.8 million, or 19%, for the three months ended September 30, 2026 compared to the prior-year quarter, largely due to an increase of $71.9 million, or 21%, within the Environmental Solutions Group, primarily related to the addition of cost of sales from recent acquisitions and higher material costs. Within the Safety and Security Systems Group, cost of sales increased by $0.9 million, or 2%, primarily related to unfavorable sales mix.

Cost of sales increased by $257.4 million, or 23%, for the nine months ended September 30, 2026 compared to the prior-year period, largely due to an increase of $242.6 million, or 25%, within the Environmental Solutions Group, primarily related to the addition of cost of sales from recent acquisitions, higher material costs, higher sales volumes, and a $2.3 million increase in purchase accounting expense effects. Within the Safety and Security Systems Group, cost of sales increased by $14.8 million, or 10%, primarily related to higher sales volumes, unfavorable sales mix, and a $1.9 million unfavorable foreign currency translation impact.

Gross profit

Gross profit increased by $27.7 million, or 17%, for the three months ended September 30, 2026 compared to the prior-year quarter, primarily due to a $26.4 million improvement within the Environmental Solutions Group and a $1.3 million improvement within the Safety and Security Systems Group. Gross profit as a percentage of revenues (“gross profit margin”) for the three months ended September 30, 2026 was 28.9%, compared to 29.1% in the prior-year quarter, inclusive of a 10 basis point improvement within the Environmental Solutions Group and a 30 basis point improvement within the Safety and Security Systems Group.

Gross profit increased by $110.5 million, or 24%, for the nine months ended September 30, 2026 compared to the prior-year period, primarily due to a $98.2 million improvement within the Environmental Solutions Group and a $12.3 million improvement within the Safety and Security Systems Group. Gross profit margin for the nine months ended September 30, 2026 was 29.3%, compared to 29.2% in the prior-year period, inclusive of a 50 basis point improvement within the Environmental Solutions Group and a 20 basis point improvement within the Safety and Security Systems Group.

SEG&A expenses

SEG&A expenses for the three months ended September 30, 2026 increased by $8.4 million, or 14%, compared to the prior-year quarter, primarily due to a $7.6 million increase within the Environmental Solutions Group, a $0.4 million increase within the Safety and Security Systems Group, and a $0.4 million increase in Corporate SEG&A expenses. As a percentage of net sales, SEG&A expenses were 10.6% in the current-year quarter, compared to 11.1% in the prior-year quarter.

SEG&A expenses for the nine months ended September 30, 2026 increased by $31.6 million, or 17%, compared to the prior-year period, primarily due to a $23.7 million increase within the Environmental Solutions Group, a $4.9 million increase in Corporate SEG&A expenses, and a $3.0 million increase within the Safety and Security Systems Group. As a percentage of net sales, SEG&A expenses were 11.3% in the current-year period, compared to 11.9% in the prior-year period.

Operating income

Operating income for the three months ended September 30, 2026 increased by $17.4 million, or 19%, compared to the prior-year quarter, primarily driven by a $27.7 million improvement in gross profit and a $0.4 million reduction in acquisition and integration-related expenses, net, partially offset by an $8.4 million increase in SEG&A expenses and a $2.3 million increase in amortization expense. Consolidated operating margin for the three months ended September 30, 2026 was 17.0%, compared to 16.9% in the prior-year quarter.

Operating income for the nine months ended September 30, 2026 increased by $71.9 million, or 28%, compared to the prior-year period, primarily driven by a $110.5 million improvement in gross profit, partially offset by a $31.6 million increase in SEG&A expenses, a $6.6 million increase in amortization expense, and a $0.4 million increase in acquisition and integration-related expenses, net. Consolidated operating margin for the nine months ended September 30, 2026 was 16.9%, compared to 16.3% in the prior-year period.

Interest expense, net

Interest expense, net, for the three months ended September 30, 2026 increased by $2.5 million compared to the prior-year quarter, largely due to higher average debt levels.

Interest expense, net, for the nine months ended September 30, 2026 increased by $8.9 million compared to the prior-year period, largely due to higher average debt levels.

Other expense, net

Other expense, net, for the three months ended September 30, 2026 increased by $0.3 million compared to the prior-year quarter, primarily due to higher non-operating pension costs and foreign currency transaction losses.

Other expense, net, for the nine months ended September 30, 2026 increased by $0.2 million compared to the prior-year period, primarily due to higher non-operating pension costs and foreign currency transaction losses.

Income tax expense

The Company recognized income tax expense of $25.5 million for the three months ended September 30, 2026, compared to $22.4 million in the three months ended September 30, 2025, with the increase primarily due to the effects of higher pre-tax income levels and a $0.7 million reduction in excess tax benefits associated with stock-based compensation activity, partially offset by the tax effects of favorable changes in foreign-based income items and executive compensation limitations. The Company’s effective tax rate for the three months ended September 30, 2026 was 24.3%, compared to 24.8% in the prior-year quarter.

The Company recognized income tax expense of $72.6 million for the nine months ended September 30, 2026, compared to $60.1 million in the nine months ended September 30, 2025, with the increase primarily due to the effects of higher pre-tax income levels, partially offset by a $1.5 million increase in excess tax benefits associated with stock-based compensation activity and the tax effects of favorable changes in foreign-based income items and executive compensation limitations. The Company’s effective tax rate for the nine months ended September 30, 2026 was 23.5%, compared to 24.4% in the prior-year period.

Net income

Net income for the three months ended September 30, 2026 increased by $11.5 million compared to the prior-year quarter, largely due to the $17.4 million increase in operating income, partially offset by a $3.1 million increase in income tax expense, a $2.5 million increase in interest expense, net, and a $0.3 million increase in other expense, net.

Net income for the nine months ended September 30, 2026 increased by $50.3 million compared to the prior-year period, largely due to the $71.9 million increase in operating income, partially offset by a $12.5 million increase in income tax expense, an $8.9 million increase in interest expense, net, and a $0.2 million increase in other expense, net.

Environmental Solutions

The following table summarizes the Environmental Solutions Group's operating results as of and for the three and nine months ended September 30, 2026 and 2025:

	Three Months Ended September 30,			Nine Months Ended September 30,		
($ in millions)	**2026**	**2025**	**Change**	**2026**	**2025**	**Change**
Net sales	$ 563.8	$ 465.5	$ 98.3	$1,674.2	$1,333.4	$ 340.8
Operating income	101.4	85.3	16.1	304.4	236.9	67.5
Operating data:						
Operating margin	18.0 %	18.3 %	(0.3)%	18.2 %	17.8 %	0.4 %
Total orders	$ 529.7	$ 371.1	$ 158.6	$1,611.8	$1,292.3	$ 319.5
Backlog	901.2	903.8	(2.6)	901.2	903.8	(2.6)
Depreciation and amortization	24.0	19.1	4.9	69.9	55.4	14.5

Three months ended September 30, 2026 vs. three months ended September 30, 2025

Total orders for the three months ended September 30, 2026 increased by $158.6 million, or 43%, compared to the prior-year quarter, inclusive of the effects of acquisitions. U.S. orders increased by $135.9 million, primarily due to improvements in orders for other specialty equipment of $78.7 million, inclusive of higher refuse truck orders associated with the New Way acquisition and higher metal extraction support equipment orders partially due to the Mega acquisition, as well as increases in orders for vacuum trucks of $37.5 million and aftermarket offerings of $23.0 million, partially offset by a $3.3 million reduction in orders for dump truck bodies and trailers. Non-U.S. orders increased by $22.7 million, largely due to increases in orders for vacuum trucks of $9.7 million, aftermarket offerings of $9.1 million, and other specialty equipment of $5.1 million, partially offset by a $0.5 million reduction in orders for dump truck bodies and trailers and a $0.7 million unfavorable foreign currency translation impact.

Net sales for the three months ended September 30, 2026 increased by $98.3 million, or 21%, compared to the prior-year quarter, primarily due to the effects of acquisitions and pricing actions. For the three months ended September 30, 2026, U.S. sales increased by $92.5 million due to increases in sales of other specialty equipment of $74.9 million, primarily driven by higher sales of refuse trucks due to the New Way acquisition and higher sales of metal extraction support equipment partially due to the Mega acquisition, as well as increases in sales of aftermarket offerings of $17.1 million, and dump truck bodies and trailers of $6.0 million, partially offset by a $5.5 million reduction in sales of vacuum trucks. Non-U.S. sales increased by $5.8 million, primarily due to increases in sales of aftermarket offerings of $9.2 million, vacuum trucks of $5.3 million, and dump truck bodies and trailers of $1.8 million, partially offset by a $9.7 million reduction in sales of other specialty equipment and a $0.8 million unfavorable foreign currency translation impact.

Cost of sales for the three months ended September 30, 2026 increased by $71.9 million, or 21%, compared to the prior-year quarter, primarily related to the addition of cost of sales from recent acquisitions and higher material costs. Gross profit margin for the three months ended September 30, 2026 was 26.4%, compared to 26.3% in the prior-year quarter, with the improvement primarily due to favorable sales mix and benefits from pricing actions, partially offset by higher material costs.

SEG&A expenses for the three months ended September 30, 2026 increased by $7.6 million, or 23%, compared to the prior-year quarter, primarily due to the addition of SEG&A expenses from recent acquisitions and higher employee-related costs. As a percentage of net sales, SEG&A expenses were 7.1% in the current-year quarter, compared to 7.0% in the prior-year quarter.

Operating income for the three months ended September 30, 2026 increased by $16.1 million, or 19%, compared to the prior-year quarter, largely due to a $26.4 million improvement in gross profit, partially offset by the $7.6 million increase in SEG&A expenses, a $2.3 million increase in amortization expense, and a $0.4 million increase in acquisition and integration-related expenses, net.

Nine months ended September 30, 2026 vs. nine months ended September 30, 2025

Total orders for the nine months ended September 30, 2026 increased by $319.5 million, or 25%, compared to the prior-year period, inclusive of the effects of acquisitions. U.S. orders increased by $287.1 million, primarily due to increases in orders for other specialty equipment of $181.4 million, inclusive of higher refuse truck orders associated with the New Way acquisition and higher metal extraction support equipment orders partially due to the Mega acquisition, as well as a $52.4 million increase in orders for aftermarket offerings, vacuum trucks of $41.6 million, and dump truck bodies and trailers of $11.7 million. Non-U.S. orders increased by $32.4 million, largely due to increases in orders for aftermarket offerings of $19.4 million, vacuum trucks of $12.0 million, dump truck bodies and trailers of $4.4 million, and a $1.6 million favorable foreign currency translation impact, partially offset by a $5.0 million reduction in orders for other specialty equipment.

Net sales for the nine months ended September 30, 2026 increased by $340.8 million, or 26%, compared to the prior-year period, primarily due to higher sales volumes, inclusive of the effects of acquisitions, and pricing actions. For the nine months ended September 30, 2026, U.S. sales increased by $314.6 million due to increases in sales of other specialty equipment of $225.8 million, primarily driven by higher sales of refuse trucks due to the New Way acquisition and higher sales of metal extraction support equipment partially due to the Mega acquisition, as well as increases in sales of aftermarket offerings of $52.7 million, dump truck bodies and trailers of $25.2 million, and vacuum trucks of $10.9 million. Non-U.S. sales increased by $26.2 million, primarily due to increases in sales of aftermarket offerings of $19.2 million, vacuum trucks of $9.9 million, dump bodies and trailers of $1.7 million, and a $2.1 million favorable foreign currency translation impact, partially offset by a $6.7 million reduction in sales of other specialty equipment.

Cost of sales for the nine months ended September 30, 2026 increased by $242.6 million, or 25%, compared to the prior-year period, primarily related to the addition of cost of sales from recent acquisitions, higher material costs, higher sales volumes, and a $2.3 million increase in purchase accounting expense effects. Gross profit margin for the nine months ended September 30, 2026 was 27.0%, compared to 26.5% in the prior-year period, with the improvement primarily due to operating leverage from higher sales volumes, benefits from pricing actions, and favorable sales mix.

SEG&A expenses for the nine months ended September 30, 2026 increased by $23.7 million, or 23%, compared to the prior-year period, primarily due to the addition of SEG&A expenses from recent acquisitions, higher employee-related costs, and higher marketing expenses. As a percentage of net sales, SEG&A expenses were 7.6% in the current-year period, compared to 7.7% in the prior-year period.

Operating income for the nine months ended September 30, 2026 increased by $67.5 million, or 28%, compared to the prior-year period, largely due to a $98.2 million improvement in gross profit, partially offset by the $23.7 million increase in SEG&A expenses, a $6.6 million increase in amortization expense, and a $0.4 million increase in acquisition and integration-related expenses, net.

Backlog was $901 million at September 30, 2026, compared to $904 million at September 30, 2025.

Safety and Security Systems

The following table summarizes the Safety and Security Systems Group's operating results as of and for the three and nine months ended September 30, 2026 and 2025:

	Three Months Ended September 30,			Nine Months Ended September 30,		
($ in millions)	2026	2025	Change	2026	2025	Change
Net sales	$ 91.7	$ 89.5	$ 2.2	$ 277.1	$ 250.0	$ 27.1
Operating income	22.8	21.9	0.9	68.5	59.2	9.3
Operating data:						
Operating margin	24.9 %	24.5 %	0.4 %	24.7 %	23.7 %	1.0 %
Total orders	$ 90.4	$ 95.8	$ (5.4)	$ 267.8	$ 282.2	$ (14.4)
Backlog	65.4	88.2	(22.8)	65.4	88.2	(22.8)
Depreciation and amortization	1.1	1.0	0.1	3.3	3.1	0.2

Three months ended September 30, 2026 vs. three months ended September 30, 2025

Total orders for the three months ended September 30, 2026 decreased by $5.4 million, or 6%, compared to the prior-year quarter. U.S. orders increased by $7.4 million, primarily due to improvements in orders for warning systems of $3.5 million, industrial signaling equipment of $2.6 million, inclusive of orders associated with the acquisition of Western Technology, and public safety equipment of $1.3 million. Non-U.S. orders decreased by $12.8 million, primarily due to a $14.3 million reduction in orders for public safety equipment, partially offset by a $2.1 million increase in orders for industrial signaling equipment.

Net sales for the three months ended September 30, 2026 increased by $2.2 million, or 2%, compared to the prior-year quarter, inclusive of the effects of pricing actions and acquisitions. U.S. sales increased by $6.4 million, primarily driven by increases in sales of public safety equipment of $2.7 million, industrial signaling equipment of $2.5 million, inclusive of sales associated with the Western Technology acquisition, and warning systems of $1.2 million. Non-U.S. sales decreased by $4.2 million, primarily due to reductions in sales of public safety equipment of $2.7 million and warning systems of $1.8 million.

Cost of sales for the three months ended September 30, 2026 increased by $0.9 million, or 2%, compared to the prior-year quarter, primarily related to unfavorable sales mix. Gross profit margin for the three months ended September 30, 2026 was 43.9%, compared to 43.6% in the prior-year quarter, with the improvement primarily attributable to benefits from pricing actions, partially offset by unfavorable sales mix.

SEG&A expenses for the three months ended September 30, 2026 increased by $0.4 million, or 2%, compared to the prior-year quarter, primarily due to higher employee-related costs and marketing expenses. As a percentage of net sales, SEG&A expenses were 19.1% in both the current-year and prior-year quarters.

Operating income for the three months ended September 30, 2026 increased by $0.9 million, or 4%, compared to the prior-year quarter, primarily due to a $1.3 million improvement in gross profit, partially offset by the $0.4 million increase in SEG&A expenses.

Nine months ended September 30, 2026 vs. nine months ended September 30, 2025

Total orders for the nine months ended September 30, 2026 decreased by $14.4 million, or 5%, compared to the prior-year period. U.S. orders increased by $8.5 million, primarily due to increases in orders for warning systems of $6.7 million and industrial signaling equipment of $4.0 million, inclusive of orders associated with the acquisition of Western Technology, partially offset by a $2.2 million reduction in orders for public safety equipment. Non-U.S. orders decreased by $22.8 million, primarily due to decreases in orders for public safety equipment of $27.0 million and warning systems of $1.1 million, partially offset by a $3.4 million increase in orders for industrial signaling equipment and a $1.9 million favorable foreign currency impact.

Net sales for the nine months ended September 30, 2026 increased by $27.1 million, or 11%, compared to the prior-year period, inclusive of the effects of higher sales volumes, pricing actions, and acquisitions. U.S. sales increased by $31.3 million, primarily driven by increases in sales of public safety equipment of $24.0 million, warning systems of $4.8 million, and industrial signaling equipment of $2.5 million, inclusive of sales associated with the Western Technology acquisition. Non-U.S. sales decreased by $4.2 million, primarily due to reductions in sales of warning systems of $5.7 million and public safety equipment of $3.5 million, partially offset by a $2.6 million increase in sales of industrial signaling equipment and a $2.4 million favorable foreign currency impact.

Cost of sales for the nine months ended September 30, 2026 increased by $14.8 million, or 10%, compared to the prior-year period, primarily related to higher sales volumes, unfavorable sales mix, and a $1.9 million unfavorable foreign currency translation impact. Gross profit margin for the nine months ended September 30, 2026 was 43.6%, compared to 43.4% in the prior-year period, with the improvement primarily attributable to improved operating leverage from higher sales volumes and benefits from pricing actions, partially offset by unfavorable sales mix.

SEG&A expenses for the nine months ended September 30, 2026 increased by $3.0 million, or 6%, compared to the prior-year period, primarily due to higher employee-related costs and marketing expenses. As a percentage of net sales, SEG&A expenses were 18.8% in the current-year period, compared to 19.7% in the prior-year period.

Operating income for the nine months ended September 30, 2026 increased by $9.3 million, or 16%, compared to the prior-year period, primarily due to a $12.3 million improvement in gross profit, partially offset by the $3.0 million increase in SEG&A expenses.

Backlog was $65 million at September 30, 2026, compared to $88 million at September 30, 2025.

Corporate Expenses

Corporate operating expenses for the three months ended September 30, 2026 were $12.8 million, compared to $13.2 million in the prior-year quarter, with the decrease primarily due to lower post-retirement expenses and a $0.8 million reduction in acquisition and integration-related expenses, net, partially offset by the recognition of $2.0 million in charges related to a legal dispute associated with a business discontinued in 2012 and higher stock compensation costs.

Corporate operating expenses for the nine months ended September 30, 2026 were $43.6 million, compared to $38.7 million in the prior-year period, with the increase primarily due to the recognition of $3.0 million in charges related to a legal dispute associated with a business discontinued in 2012, as well as higher stock compensation, medical, and other employee-related costs, partially offset by lower post-retirement expenses.

Seasonality of Company’s Business

Certain of the Company’s businesses are susceptible to the influences of seasonal factors, including buying patterns, delivery patterns, and productivity influences from holiday periods and weather. In general, the Company tends to have lower equipment sales in the first calendar quarter of each year compared to other quarters as a result of these factors. In addition, rental income and parts sales are generally higher in the second and third quarters of the year, because many of the Company’s products are used for maintenance activities in North America, where usage is typically lower during periods of harsher weather conditions.

Financial Condition, Liquidity and Capital Resources

The Company uses its cash flow from operations to fund growth and to make capital investments that sustain its operations, reduce costs, or both. Beyond these uses, remaining cash is used to pay down debt, repurchase shares, fund dividend payments, and make pension contributions. The Company may also choose to invest in the acquisition of businesses. In the absence of significant unanticipated cash demands, we believe that the Company's existing cash balances, cash flow from operations, and borrowings available under the 2025 Credit Agreement will provide funds sufficient for these purposes. The net cash flows associated with the Company's rental equipment transactions are included in cash flow from operating activities.

As of September 30, 2026, there was $44.3 million of cash drawn under the revolving credit facility, $375.0 million outstanding under the term loan facility, and $11.1 million of undrawn letters of credit under the 2025 Credit Agreement, with $1.04 billion of availability for borrowings.

The Company's cash and cash equivalents totaled $73.7 million as of September 30, 2026 and $63.7 million as of December 31, 2025. As of September 30, 2026, $14.5 million of cash and cash equivalents was held by foreign subsidiaries. Cash and cash equivalents held by subsidiaries outside the U.S. typically are held in the currency of the country in which it is located. The Company uses this cash to fund the operating activities of its foreign subsidiaries and for further investment in foreign operations. Generally, the Company has considered such cash to be permanently reinvested in its foreign operations and the Company's current plans do not demonstrate a need to repatriate such cash to fund U.S. operations. However, in the event that these funds are needed to fund U.S. operations or to satisfy U.S. obligations, they generally could be repatriated. The repatriation of these funds may cause the Company to incur additional tax expense, dependent on income tax laws and other circumstances at the time any such amounts are repatriated.

Net cash of $305.6 million was provided by operating activities in the nine months ended September 30, 2026, compared to $157.5 million in the prior-year period, with the year-over-year increase primarily due to higher net income and favorable changes in net working capital, inclusive of the effects of acquisitions.

Net cash of $95.2 million was used for investing activities in the nine months ended September 30, 2026, compared to $101.3 million in the prior-year period. During the nine months ended September 30, 2026, the Company funded $30.0 million of capital expenditures and made initial payments, net of cash acquired, of $44.9 million to acquire Mega and $9.2 million to acquire Western Technology. The Company also paid an additional $13.1 million to finalize the purchase price closing adjustments related to the New Way acquisition. During the nine months ended September 30, 2025, the Company funded $19.9 million of capital expenditures and made an initial payment of $82.1 million to acquire Hog.

Net cash of $200.2 million was used for financing activities in the nine months ended September 30, 2026, compared to $94.4 million in the prior year period. During the nine months ended September 30, 2026, the Company paid down $118.4 million of borrowings under its revolving credit facility and $25.0 million under its term loan facility, funded cash dividends of $27.5 million and share repurchases of $5.1 million, and redeemed $13.7 million of stock in order to remit funds to tax authorities to satisfy employees' tax withholdings following the vesting of stock-based compensation and the exercise of stock options. Additionally, the Company funded payments of $11.5 million relating to the Hog acquisition. During the nine months ended September 30, 2025, the Company increased net borrowings under its previous revolving credit facility by $1.1 million, paid down $3.1 million under its previous term loan facility, funded $4.3 million of acquisition-related payments, paid $11.5 million to acquire a previously-leased manufacturing facility, funded cash dividends of $25.6 million and share repurchases of $39.7 million, and redeemed $12.2 million of stock in order to remit funds to tax authorities to satisfy employees' tax withholdings following the vesting of stock-based compensation and the exercise of stock options.

On October 29, 2025, the Company entered into the 2025 Credit Agreement, which amended and restated the 2022 Credit Agreement. The 2025 Credit Agreement increased the Company's revolving credit facility from up to $675 million to up to $1.1 billion and includes a delayed draw term loan facility in an original amount of up to $400 million. In addition, the Company may expand its borrowing capacity under the 2025 Credit Agreement by an aggregate amount of up to the sum of (x) the greater of (i) $500 million and (ii) 100% of Consolidated EBITDA for the applicable four-quarter period preceding such expansion, and (y) the amount of additional indebtedness (if any) that could be incurred without causing the Consolidated Total Net Leverage Ratio for the applicable four-quarter period preceding such expansion, on a pro forma basis, to exceed 2.75 to 1.00, subject to the approval of the applicable lenders providing such additional borrowings.

The Company is subject to certain net leverage ratio and interest coverage ratio financial covenants under the 2025 Credit Agreement that are to be measured at each fiscal quarter-end for the most recently ended four-quarter period. The Company was in compliance with all such covenants as of September 30, 2026.

The Company anticipates that capital expenditures for 2026 will be in the range of $45 million to $55 million.

The Company believes that its financial resources and major sources of liquidity, including cash flow from operations and borrowing capacity, will be adequate to meet its operating needs, capital needs, and financial commitments.

Contractual Obligations and Off-Balance Sheet Arrangements

In the third quarter of 2026, the Company made $25.0 million of voluntary prepayments on its term loan facility. During the nine months ended September 30, 2026, there have been no other material changes in the Company's contractual obligations and off-balance sheet arrangements as described in Item 7, *Management's Discussion and Analysis of Financial Condition and Results of Operations*, of the Company's Annual Report on Form 10-K for the year ended December 31, 2025.

Item 3. ***Quantitative and Qualitative Disclosures about Market Risk.***

See Item 7A, *Quantitative and Qualitative Disclosures about Market Risk*, of the Company's Annual Report on Form 10-K for the year ended December 31, 2025. During the nine months ended September 30, 2026, there have been no significant changes in our exposure to market risk.

Item 4. ***Controls and Procedures.***

As required by Rule 13a-15 under the Exchange Act, the Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) or Rule 15d-15(e) under the Exchange Act) as of September 30, 2026. Based on that evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of September 30, 2026.

As a matter of practice, the Company's management continues to review and document internal control and procedures for financial reporting. From time to time, the Company may make changes aimed at enhancing the effectiveness of the controls and ensuring that the systems evolve with the business. SEC guidance permits management to omit an assessment of internal control over financial reporting for an acquired business from management's assessment of internal control over financial reporting for a period not to exceed one year from the date of the acquisition. During the nine months ended September 30, 2026, the Company completed the acquisitions of Mega and Western Technology. The Company also completed the acquisitions of New Way and certain assets and liabilities of Kinloch Equipment & Supply, Inc. ("Kinloch") in the fourth quarter of 2025. As of September 30, 2026, management has not yet fully assessed Mega, Western Technology, New Way, or Kinloch's internal controls over financial reporting. Excluding the acquisitions of Mega, Western Technology, New Way, and Kinloch, there were no changes in the Company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting during the three months ended September 30, 2026.

PART II. OTHER INFORMATION

Item 1. *Legal Proceedings.*

The information set forth under the heading "Legal Proceedings" in Note 9 – Commitments and Contingencies to the accompanying condensed consolidated financial statements as included in Part I of this Form 10-Q is incorporated herein by reference.

Item 1A. *Risk Factors.*

There have been no material changes in the Company's risk factors as described in Item 1A, *Risk Factors*, of the Company's Annual Report on Form 10-K for the year ended December 31, 2025.

Item 2. *Unregistered Sales of Equity Securities and Use of Proceeds.*

The following table provides a summary of the Company's repurchase activity for its common stock during the three months ended September 30, 2026:

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs (a)
July 2026 (6/28/26 - 8/1/26)	—	$ —	—	$ 157,138,853
August 2026 (8/2/26 - 8/29/26)	—	—	—	157,138,853
September 2026 (8/30/26 - 9/26/26)	45,047	113.9982	45,047	152,003,576

(a) In April 2025, the Board authorized a stock repurchase program of up to $150 million of the Company's common stock. The April 2025 program supplements the Board's prior authorization under the stock repurchase program adopted in March 2020, which provides for the repurchase of up to $75 million of the Company's common stock and which remains in effect.

Item 3. *Defaults upon Senior Securities.*

None.

Item 4. *Mine Safety Disclosures.*

Not applicable.

Item 5. *Other Information.*

Press Release

On October 29, 2026, the Company issued a press release announcing its financial results for the three and nine months ended September 30, 2026. The presentation slides for the third quarter 2026 earnings call were also posted on the Company's website at that time. The full text of the third quarter financial results press release is included at Exhibit 99.1 and the earnings presentation is included at Exhibit 99.2 to this Form 10-Q.

Rule 10b5-1 Trading Plans

The Company's Section 16 officers and directors (as defined in Rule 16a-1 under the Exchange Act) may from time to time enter into plans for the purchase or sale of Company stock that are intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) under the Exchange Act. During the quarter ended September 30, 2026, the following Section 16 officer adopted or terminated a "Rule 10b5-1 trading arrangement" (as defined in Item 408 of Regulation S-K under the Exchange Act):

- Mark D. Weber, Senior Vice President and Chief Operating Officer, adopted a new trading plan on August 26, 2026. Mr. Weber's plan is scheduled to terminate on March 26, 2027, subject to early termination for certain specified events set forth in the plan. The trading plan is intended to permit Mr. Weber to sell up to 35,000 shares of common stock of the Company.

The Rule 10b5-1 trading arrangement described above was adopted and precleared in accordance with the Company's Insider Trading Policy and actual sale transactions made pursuant to such trading arrangement will be disclosed publicly in future Section 16 filings with the SEC.

Item 6. ***Exhibits.***

3.1	Restated Certificate of Incorporation of the Company. Incorporated by reference to Exhibit 3.1 to the Company's Form 8-K filed April 30, 2010.
3.2	Second Amended and Restated By-laws of the Company. Incorporated by reference to Exhibit 3.1 to the Company's Form 8-K filed October 24, 2023.
31.1	CEO Certification under Section 302 of the Sarbanes-Oxley Act.
31.2	CFO Certification under Section 302 of the Sarbanes-Oxley Act.
32.1	CEO Certification of Periodic Report under Section 906 of the Sarbanes-Oxley Act.
32.2	CFO Certification of Periodic Report under Section 906 of the Sarbanes-Oxley Act.
99.1	Third Quarter Financial Results Press Release, Dated October 29, 2026.
99.2	Third Quarter Earnings Call Presentation Slides.
101.INS	XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document).
101.SCH	Inline XBRL Taxonomy Extension Schema Document.
101.CAL	Inline XBRL Taxonomy Calculation Linkbase Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	Inline XBRL Taxonomy Label Linkbase Document.
101.PRE	Inline XBRL Taxonomy Presentation Linkbase Document.
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101).

SIGNATURE

Pursuant to the requirements of Section 13 or 15 (d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Federal Signal Corporation

Date: October 29, 2026

/s/ Ian A. Hudson

Ian A. Hudson

Senior Vice President and Chief Financial Officer
(Principal Financial Officer)